



Dave Yost • Auditor of State



**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note 3 to the financial statements, for the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



**Dave Yost**  
Auditor of State

March 16, 2012

**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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

***Financial Highlights***

Key financial highlights for fiscal year 2011 are as follows:

- ❑ General Receipts accounted for \$6,229,282, or 83 percent, of all receipts.
- ❑ Total program disbursements were \$7,018,433.
- ❑ In total, net assets increased \$487,085, a 15 percent increase over net assets at June 30, 2010.

***Using this Annual Report***

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2011, the General Fund and OSFC Local/State Share Fund are the District's major funds.

***Basis of Accounting***

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

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

**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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***Reporting the District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question.

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

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

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

*Fund Financial Statements*

The analysis of the District's major funds begins on page 6. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds include the General Fund and the OSFC Local/State Share Fund.

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

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

***Reporting the District's Fiduciary Responsibilities***

The 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 District's fiduciary activities are reported in the Statements of Fiduciary Net Assets on page 15. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.



**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**The 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 District's net assets for fiscal years 2011 and 2010.

**(Table 1)  
Net Assets – Cash basis**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Equity in Pooled Cash & Cash Equivalents	\$ 3,703,384	\$ 3,222,103
Cash and Cash Equivalents with Fiscal Agent	10,688	4,884
<b>Total Assets</b>	<b>\$ 3,714,072</b>	<b>\$ 3,226,987</b>
<b>NET ASSETS</b>		
Restricted for:		
Debt Service	\$ 256,205	\$ 231,644
Capital Outlay	788,489	774,281
Other Purposes	181,628	669,232
Unrestricted	2,487,750	1,551,830
<b>Total Net Assets</b>	<b>\$ 3,714,072</b>	<b>\$ 3,226,987</b>

Net assets of the governmental activities increased \$487,085, which represents a 15 percent increase from fiscal year 2010. The increase is the result of the close supervision of disbursements in relation to the amount of receipts received for the fiscal year.

A portion of the District's net assets, \$1,226,322, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$2,487,750 may be used to meet the District's ongoing obligations.

**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Receipts</b>		
<i>Program Receipts</i>		
Charges for Services	\$ 632,459	\$ 598,840
Operating Grants	623,251	544,856
Capital Grants	20,526	28,282
 <i>General Receipts</i>		
Property Taxes	1,533,824	1,425,693
Income Taxes	974,849	916,309
Grants and Entitlements	3,708,842	3,589,955
Other	11,767	8,006
 <b>Total Receipts</b>	<b>7,505,518</b>	<b>7,111,941</b>
 <i>Program Disbursements</i>		
Instruction	3,810,341	3,628,039
Support Services	2,268,648	2,050,192
Non-Instructional		52,555
Food Services	263,586	259,879
Extracurricular	245,451	251,710
Capital Outlay	32,299	4,425
Repayment of Debt	250,754	246,756
Intergovernmental	147,354	143,312
 <b>Total Disbursements</b>	<b>7,018,433</b>	<b>6,636,868</b>
 <b>Increase in Net Assets</b>	<b>\$ 487,085</b>	<b>\$ 475,073</b>

**Governmental Activities**

Several receipt sources fund the District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$3.5 million in fiscal year 2011. Property and income tax levies generated approximately \$2.5 million in fiscal year 2011. With the combination of taxes and intergovernmental funding of 89 percent of disbursements in governmental activities, the 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 54.3 percent of all governmental disbursements. Other programs which support the instruction process account for 32.3 percent of governmental disbursements. The remaining 13.4 percent of the 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, 2011  
(Continued)*

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 2011 and 2010.

**(Table 3)  
Governmental Activities**

	<b>2011</b>		<b>2010</b>	
	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>
Instruction	\$ 3,810,341	\$ 3,137,819	\$ 3,628,039	\$ 3,035,112
Support Services:				
Pupil and Instructional Staff	344,905	322,885	354,834	327,498
Board of Education, Administration and Fiscal	793,441	788,441	729,950	721,227
Operation and Maintenance of Plant	802,833	755,850	657,780	638,465
Pupil Transportation	318,469	318,469	298,628	298,628
Central	9,000	9,000	9,000	9,000
Operation of Non-Instructional Food Services	263,586	2,124	259,879	1,660
Extracurricular Activities	245,451	151,964	251,710	175,004
Capital Outlay	32,299	11,773	4,425	(2,066)
Repayment of Debt	250,754	250,754	246,756	246,756
Intergovernmental	147,354	(6,882)	143,312	(952)
<b>Total</b>	<b>\$ 7,018,433</b>	<b>\$ 5,742,197</b>	<b>\$ 6,636,868</b>	<b>\$ 5,464,890</b>

The dependence upon tax receipts, income taxes, and unrestricted grants and entitlements is demonstrated in the previous table. Instruction and student support services comprise 59.2 percent of governmental program disbursements in fiscal year 2011. Board of Education, Administration and Fiscal charges were 11.3 percent in 2011. Fiscal disbursements include payments to the County Auditor for administrative fees and other administrative services provided by the District. Capital outlay and the operation and maintenance of facilities accounted for 11.9 percent in 2011.

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. The District has two major governmental funds: the General Fund and OSFC Local/State Share Fund. Receipts and other financing sources of the General Fund comprise \$5,902,615 (78.6 percent) of the total \$7,505,518 governmental funds' receipts and other financing sources and \$5,380,346 (76.6 percent) of the total \$7,018,433 governmental funds' disbursements. Receipts of the OSFC Local/State Share generated \$4,900 (0.06 percent) of total governmental funds' receipts and other financing sources and \$87,265 (1.2 percent) of the total governmental disbursements.

**General Fund** – The General Fund cash balance at June 30, 2011 was \$2,514,606 which represents 68.0 percent of total governmental funds' cash balances for fiscal year 2011. General fund receipts and other financing sources were more than disbursements by \$522,269 mostly due to controlled budgeting of disbursements.

**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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**OSFC Local/State Share Fund** – The OSFC Local/State Share Fund cash balance at June 30, 2011 was \$419,467 which represents 11.3 percent of total governmental funds' cash balances for fiscal year 2011. OSFC Local/State Share Fund receipts were less than disbursements by \$82,365.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the District amended its general fund budget to reflect changing circumstances. The 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, the final estimated receipts and other financing sources increased only \$220,662 (3.9 percent) from the original estimate of \$5,676,773 as new grant funds became available. Actual receipts and other financing sources in the amount of \$5,853,561 were under final budgeted estimates of \$5,897,435 (less than 1 percent) due to the timing of the receipt of grant monies.

General Fund final estimated disbursements increased only \$68,861 (1.2 percent) from the original estimate of \$5,652,280. Actual disbursements of \$5,369,570 were under final budgeted disbursements of \$5,721,141 (6.1 percent) for fiscal year 2011, and more consistent to the original budget of \$5,652,280 due to the District's fiscal management of it spending.

***Debt Administration***

In 2002, the District passed a bond issue providing \$3,260,998 for the purpose of capital improvements. As of June 30, 2011, \$2,251,358 million of this bond is still outstanding. For further information regarding the District's debt, refer to Note 11 of the basic financial statements.

***Current Issues***

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

In January, 2006, the District passed a five year 2.9 mill permanent improvement levy to generate \$144,555 annually. This levy, renewed at the November 2011 ballot, provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the District relies heavily on its local taxpayers.

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

**Antwerp Local School District  
Paulding County**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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and the owner would still pay \$35.00. Thus, districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kristine Stuart, Treasurer, Antwerp Local School District, 303 South Harrmann Road, Antwerp, OH 45813-9574.

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**Antwerp Local School District  
Paulding County**

***Statement of Net Assets - Cash Basis  
For The Fiscal Year Ended June 30, 2011***

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,703,384
Cash and Cash Equivalents with Fiscal Agents	<u>10,688</u>
<i>Total Assets</i>	<u><u>\$ 3,714,072</u></u>
 <b>Net Assets</b>	
Restricted for:	
Debt Service	\$ 256,205
Capital Outlay	788,489
Other Purposes	181,628
Unrestricted	<u>2,487,750</u>
<i>Total Net Assets</i>	<u><u>\$ 3,714,072</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District  
Paulding County**

**Statement of Activities - Cash Basis  
For The Fiscal Year Ended June 30, 2011**

	Cash Disbursements	Charges for Services and Sales	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
			Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 2,924,541	\$ 384,465	\$ 192,309		\$ (2,347,767)
Special	683,747		72,262		(611,485)
Adult/Continuing	5,000				(5,000)
Student Intervention Services	46,527		23,486		(23,041)
Other	150,526				(150,526)
Support Services:					
Pupils	70,221				(70,221)
Instructional Staff	274,684		22,020		(252,664)
Board of Education	8,325				(8,325)
Administration	538,995				(538,995)
Fiscal	246,121		5,000		(241,121)
Operation and Maintenance of Plant	802,833		46,983		(755,850)
Pupil Transportation	318,469				(318,469)
Central	9,000				(9,000)
Operation of Food Services	263,586	154,507	106,955		(2,124)
Extracurricular Activities	245,451	93,487			(151,964)
Capital Outlay	32,299			\$ 20,526	(11,773)
Repayment of Debt:					
Principal	155,000				(155,000)
Interest	95,754				(95,754)
Intergovernmental	147,354		154,236		6,882
<b>Total Governmental Activities</b>	<b>\$ 7,018,433</b>	<b>\$ 632,459</b>	<b>\$ 623,251</b>	<b>\$ 20,526</b>	<b>(5,742,197)</b>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes 1,144,210					
Debt Service 263,867					
Capital Projects 125,747					
Income Taxes Levied for:					
General Purposes 949,660					
Building Maintenance 25,189					
Grants and Entitlements not Restricted to Specific Programs 3,708,842					
Interest 7,626					
Miscellaneous 4,141					
<u>Total General Receipts 6,229,282</u>					
Change in Net Assets 487,085					
Net Assets - Beginning of Year 3,226,987					
<u>Net Assets - End of Year \$ 3,714,072</u>					

See accompanying notes to the basic financial statements.



**Antwerp Local School District  
Paulding County**

**Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
For The Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>OSFC Local/State Share Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,087,263	\$ 419,467	\$ 769,311	\$ 3,276,041
Cash and Cash Equivalents with Fiscal Agent			10,688	10,688
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>427,343</u>			<u>427,343</u>
<i>Total Assets</i>	<u>\$ 2,514,606</u>	<u>\$ 419,467</u>	<u>\$ 779,999</u>	<u>\$ 3,714,072</u>
<b>Fund Balances</b>				
Restricted	\$ 429,262	\$ 419,467	\$ 779,999	\$ 1,628,728
Committed	2,181			2,181
Assigned	84,351			84,351
Unassigned	<u>1,998,812</u>			<u>1,998,812</u>
<i>Total Fund Balances</i>	<u>\$ 2,514,606</u>	<u>\$ 419,467</u>	<u>\$ 779,999</u>	<u>\$ 3,714,072</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, 2011**

	General Fund	OSFC Local/State Share Fund	All Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,144,210		\$ 389,614	\$ 1,533,824
Income Taxes	949,660		25,189	974,849
Intergovernmental	3,420,369		917,652	4,338,021
Interest	7,626	\$ 4,900		12,526
Tuition and Fees	362,518		18,140	380,658
Rent	3,810			3,810
Extracurricular Activities	11,682		81,805	93,487
Customer Sales and Services			154,507	154,507
Miscellaneous			2,605	2,605
<i>Total Receipts</i>	<u>5,899,875</u>	<u>4,900</u>	<u>1,589,512</u>	<u>7,494,287</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	2,520,128		404,413	2,924,541
Special	605,946		77,801	683,747
Adult/Continuing	5,000			5,000
Student Intervention Services	23,034		23,493	46,527
Other	150,526			150,526
Support Services:				
Pupils	70,221			70,221
Instructional Staff	242,562		32,122	274,684
Board of Education	8,325			8,325
Administration	537,795		1,200	538,995
Fiscal	225,776		20,345	246,121
Operation and Maintenance of Plant	488,448	87,265	227,120	802,833
Pupil Transportation	318,469			318,469
Central	9,000			9,000
Operation of Food Services			263,586	263,586
Extracurricular Activities	175,116		70,335	245,451
Capital Outlay			32,299	32,299
Debt Service:				
Principal			155,000	155,000
Interest			95,754	95,754
Intergovernmental			147,354	147,354
<i>Total Disbursements</i>	<u>5,380,346</u>	<u>87,265</u>	<u>1,550,822</u>	<u>7,018,433</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	519,529	(82,365)	38,690	475,854
<b>Other Financing Sources</b>				
Refund of Prior Year Expenditures	2,740		8,491	11,231
<i>Net Change in Fund Balances</i>	522,269	(82,365)	47,181	487,085
<i>Fund Balance at Beginning of Year-Restated (Note 3)</i>	<u>1,992,337</u>	<u>501,832</u>	<u>732,818</u>	<u>3,226,987</u>
<i>Fund Balance at End of Year</i>	<u>\$ 2,514,606</u>	<u>\$ 419,467</u>	<u>\$ 779,999</u>	<u>\$ 3,714,072</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,080,000	\$ 1,144,210	\$ 1,144,210	
Income Taxes	915,000	949,660	949,660	
Intergovernmental	3,367,346	3,451,282	3,420,369	\$ (30,913)
Interest	7,500	7,500	7,626	126
Tuition and Fees	297,240	338,530	325,443	(13,087)
Rent	4,000	3,810	3,810	
Miscellaneous	100			
<b>Total Receipts</b>	<b>5,671,186</b>	<b>5,894,992</b>	<b>5,851,118</b>	<b>(43,874)</b>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	2,670,372	2,559,081	2,475,911	83,170
Special	610,974	695,857	606,141	89,716
Adult/Continuing	5,000	5,000	5,000	
Student Intervention Services	23,000	23,000	23,034	(34)
Other	180,000	180,000	150,526	29,474
Support Services:				
Pupils	76,468	79,278	70,230	9,048
Instructional Staff	269,422	286,924	259,703	27,221
Board of Education	9,809	9,809	8,325	1,484
Administration	565,004	582,906	538,717	44,189
Fiscal	172,157	235,779	225,915	9,864
Operation and Maintenance of Plant	532,039	528,039	507,873	20,166
Pupil Transportation	352,089	362,109	327,668	34,441
Central	9,000	9,000	9,000	
Sport Oriented Activities	163,859	164,359	161,527	2,832
<b>Total Disbursements</b>	<b>5,639,193</b>	<b>5,721,141</b>	<b>5,369,570</b>	<b>351,571</b>
Excess of Receipts Over Disbursements	31,993	173,851	481,548	307,697
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(13,087)			
Refund of prior year expenditures		2,443	2,443	
Transfers In	5,587			
<b>Total Other Financing Sources (Uses)</b>	<b>(7,500)</b>	<b>2,443</b>	<b>2,443</b>	
Net Change in Fund Balances	24,493	176,294	483,991	307,697
Fund Balance at Beginning of Year	1,917,749	1,917,749	1,917,749	
Prior Year Encumbrances Appropriated	47,739	47,739	47,739	
<b>Fund Balance at End of Year</b>	<b>\$ 1,989,981</b>	<b>\$ 2,141,782</b>	<b>\$ 2,449,479</b>	<b>\$ 307,697</b>

See accompanying notes to the basic financial statements.

Antwerp Local School District  
Paulding County

Statement of Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
For The Fiscal Year Ended June 30, 2011

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	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 31,746</u>
<b>Net Assets</b>	
Held in Trust for Student Activities	<u>\$ 31,746</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, 2011*

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

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

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

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

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

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

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

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

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

**A. Basis of Presentation**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

**FUND FINANCIAL STATEMENTS**

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

**B. Fund Accounting**

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

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

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

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

OSFC Local/State Share 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 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 District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The 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 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 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.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

**D. Budgetary Process**

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

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

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

**E. Cash and Cash Equivalents**

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



**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2011 were \$7,626, which includes \$2,256 assigned from other District funds.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Compensated Absences**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

**L. Long-Term Debt**

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

**M. Equity Classifications**

**GOVERNMENT-WIDE STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

- d. Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**N. Interfund Transactions**

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

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

**O. Intergovernmental Receipts**

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

**P. Receipts and Disbursements**

Program Receipts

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

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

Disbursements

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

**Q. Changes in Accounting Principles**

For the year ended June 30, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the District.

**NOTE 3 – RESTATEMENT OF FUND BALANCES**

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

The restatement had the following effect on fund balances as of June 30, 2010:

	<u>General Fund</u>	<u>OSFC Local/State Share Fund</u>	<u>All Other Govern- mental Funds</u>	<u>Total Government al Funds</u>
Fund Balance at June 30, 2010	\$ 1,965,488	\$ 501,832	759,667	\$ 3,226,987
Change in Fund Structure	26,849		(26,849)	
Restated Fund Balance at July 1, 2010	<u>\$ 1,992,337</u>	<u>\$ 501,832</u>	<u>732,818</u>	<u>\$ 3,226,987</u>

The restatement had no effect on the governmental or fiduciary net assets.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

***Deposits***

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the District's deposits was \$3,735,130 and the bank balance was \$3,772,980. Of the bank balance, \$265,633 was covered by federal depository insurance and \$3,485,628 was collateralized but uninsured. Deposits exceeded security provided by \$21,719. Ohio Revised Code § 135.18 states the District must require a depository to provide as security an amount equal to the funds on deposit at all times.

At June 30, 2011, the District had \$10,688 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".

***Interest Rate Risk***

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

**NOTE 5 - PROPERTY TAXES**

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

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 District receives property taxes from Paulding County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2011 taxes were collected are:

	2010 Second-Half Collections		2011 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$54,751,540	96%	\$61,494,420	97%
Tangible Personal Property	83,700			
Public Utility	<u>2,053,430</u>	<u>4</u>	<u>2,149,780</u>	<u>3</u>
Total Assessed Value	<u>\$56,888,670</u>	<u>100%</u>	<u>\$63,644,200</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.45		\$45.45	

**NOTE 6 – INCOME TAXES**

The District levies a tax of 1.5% for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5% taxes, 0.75% is a 5 year renewable tax, last renewed in May, 2010 for fiscal year 2011 taxes and 0.75% of the income tax is a continuing tax. The District decided to legally restrict 0.5% of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 7 - RISK MANAGEMENT**

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2011, the District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

<u>Ohio School Plan (at Replacement Cost):</u>	
Boiler and Machinery (\$1,000 deductible)	\$ 27,206,002
Crime Insurance (\$1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

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

B. Workers' Compensation

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Retro Program (GRP), an insurance purchasing pool (Note 15). Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The District was ineligible for the discounted rates offered by the GRP due to a prior claim liability. The GRP still manages the District's claims. The firm of Compensation Management Consultants provides administrative, cost control, and actuarial services to the GRP.

C. Health Care Benefits

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

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

A. State Teachers Retirement System

The 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](http://www.strsoh.org).



**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

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

A DB or Combined Plan member with five or more years 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, 2011, plan members were required to contribute 10 percent of their annual covered salaries and the District was required to contribute 14 percent; 13 percent which was used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$297,056, \$308,338, and \$287,624, respectively; 81 percent has been contributed for fiscal year 2011, and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$1,394 made by the District and \$996 made by the plan members.

**B. School Employees Retirement System**

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

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2011, it was determined the employer contribution rate to pension and death benefits to be 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Health Care and Medicare B Funds. 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 District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$64,545, \$66,556, and \$47,989 respectively; 33 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, 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 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.

**State Teachers Retirement System**

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, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The District's contributions for post employment health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$22,850, \$23,718 and \$22,125, respectively; 81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 9 - POST EMPLOYMENT BENEFITS - (Continued)**

**School Employees Retirement System**

***Medicare Part B Plan***

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 Part 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 2011 was \$96.40 but could be as high as \$369.10 per month depending on their income. 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 2011, the actuarially required allocation was 0.76 percent. The District's contributions for the fiscal years ended June 30, 2011, 2010 and 2009 were \$3,838, \$3,958 and \$3,959, which equaled the required contributions each year.

***Health Care Plan***

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 Medicare Advantage 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 105(e). 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. For the year ended June 30, 2011, the health care allocation was 1.43 percent. 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 2011, the minimum compensation level was established at \$35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care fund for the fiscal years ended June 30, 2011, 2010, and 2009 were \$15,791, \$11,411 and \$31,378, respectively.

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](http://www.ohsers.org) under Employers/Audit Resources.

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 10 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES**

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

**NOTE 11 – DEBT**

The changes in the District’s long-term obligations during fiscal year 2011 were as follows:

	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/2011</u>	<u>Due Within One Year</u>
<b><i>General Obligations</i></b>						
2002 Bond						
Issue						
Current	2.46-	\$2,125,000		\$ 155,000	\$1,970,000	\$ 160,000
Interest	4.75%					
Capital	4.55-	85,998			85,998	
Appreciation	4.65%					
Accretion of		175,824	\$ 19,536		195,360	
Interest						
Total General Obligations		<u>\$2,386,822</u>	<u>\$ 19,536</u>	<u>\$ 155,000</u>	<u>\$2,251,358</u>	<u>\$ 160,000</u>

**2002 Various Purpose General Obligation Bonds** - In 2002, the District issued \$3,260,998 in voted general obligation bonds for the acquisition, construction, and improvement to buildings and structures. 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. 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 2011, \$19,536 was accreted for a total capital appreciation bond value of \$281,358.

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. The District’s voted legal debt margin was \$3,928,186 with an unvoted debt margin of \$63,644 at June 30, 2011.

Future principal and interest requirements as of June 30, 2011 are as follows:

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 11 – DEBT – (Continued)**

Fiscal Year <u>Ending June 30.</u>	2002 Current <u>Interest Bonds</u>	2002 Capital <u>Appreciation</u>	Interest/ <u>Accretion</u>	<u>Total</u>
2012	\$ 160,000		\$ 89,295	\$ 249,295
2013		\$ 45,467	205,508	250,975
2014		40,531	210,444	250,975
2015	165,000		82,056	247,056
2016	175,000		73,981	248,981
2017-2021	1,000,000		235,125	1,235,125
2022-2023	470,000		22,563	492,563
Total	<u>\$ 1,970,000</u>	<u>\$ 85,998</u>	<u>\$ 918,972</u>	<u>\$ 2,974,970</u>

**NOTE 12 – FUND BALANCE**

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

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

	<u>General</u>	<u>OSFC State/Local Share</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Restricted for:</b>				
Permanent Improvements		\$419,467	\$369,022	\$788,489
Textbooks and Instructional	\$393,275			393,275
Debt Service			256,205	256,205
Bus Purchase	20,511			20,511
Technology	1,878			1,878
Excellence Grant	41			41
Extracurricular Activities			35,209	35,209
Food Service Operations			37,246	37,246
Special Education			42,232	42,232
Budget Reserve Classroom	13,557			13,557
Maintenance			39,869	39,869
Preschool Tuition			176	176
21 Century Grant			40	40
Total Restricted	<u>429,262</u>	<u>419,467</u>	<u>779,999</u>	<u>1,628,728</u>
<b>Committed to:</b>				
Educational Activities	2,181			2,181
<b>Assigned for:</b>				
Unpaid Obligations	84,351			84,351
<b>Unassigned</b>	<u>1,998,812</u>			<u>1,998,812</u>
<b>Total Fund Balance</b>	<u>\$2,514,606</u>	<u>\$419,467</u>	<u>\$779,999</u>	<u>\$3,714,072</u>

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 13 - STATUTORY RESERVES**

The District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2011, 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, 2011, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-aside reserve balance June 30, 2010	\$ 379,590		\$ 13,557
Current Year Required Set-Aside	104,510	\$ 104,510	
Current Year Offsets		(150,936)	
Current Year Qualifying Disbursements	(90,825)	(30,074)	
<b>Total</b>	<b>\$ 393,275</b>	<b>\$ (76,500)</b>	<b>\$ 13,557</b>
Set-aside reserve balance carried forward to FY 2012	<u>\$ 393,275</u>		<u>\$ 13,557</u>
Balance carried forward to FY 2012	<u><u>\$ 393,275</u></u>		<u><u>\$ 13,557</u></u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for capital maintenance. Ohio Revised Code 3315.17 allows for the extra amount to carryover into future years for textbooks. For capital acquisitions, proceeds from bonds issued in prior years, \$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. Effective July 1, 2011, the textbook set-aside laws have been repealed.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven 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 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 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 districts are located. The degree of control exercised by any participating district is limited to its representation on the Board. During fiscal year 2011, the District paid \$8,100 to NOACSC for various services. Financial information can be obtained by contacting Ray Burden, Director, 645 South Main Street, Lima, Ohio 45804.

Vantage Career Center - The Vantage Career Center, which provides vocational education to students, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating 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, 2011  
(Continued)*

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

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

**NOTE 15 - GROUP PURCHASING POOLS**

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

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

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

**NOTE 16 – BUDGETARY BASIS OF ACCOUNTING**

The statement of receipts, disbursements and changes in fund balance - budget and actual - budget basis presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

(a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,

**Antwerp Local School District  
Paulding County**

*Notes To The Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011  
(Continued)*

**NOTE 16 – BUDGETARY BASIS OF ACCOUNTING – (Continued)**

(b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	
	General Fund
Cash basis	\$522,269
Funds budgeted elsewhere**	10,396
Adjustment for encumbrances	(48,674)
Budget basis	\$483,991

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund and uniform school supplies fund.

**NOTE 17 - CONTINGENCIES**

Grants - The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**NOTE 18 – CONTRACTUAL COMMITMENT**

As of June 30, 2011, the District had the following contractual commitments:

Vendor	Project	Contract Amount	Amount Remaining
Enviro-Aire/Total Balance	Air and Water Re-balancing	\$ 22,150	\$ 13,300
CDJ	Computer Technology	13,046	13,046



ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
School Breakfast Program - Cash Assistance		10.553	\$7,677	\$7,677
National School Lunch Program		10.555		
Cash Assistance			97,163	97,163
Non- Cash Assistance (Food Distribution)			14,264	14,264
Total National School Lunch Program			<u>111,427</u>	<u>111,427</u>
Total U.S. Department of Agriculture			<u><b>119,104</b></u>	<u><b>119,104</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
ARRA - Special Education Grants to States		84.391	16,465	14,907
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act		84.394	266,623	312,554
Education Jobs Fund		84.410	164,704	164,704
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act		84.395	25,000	16,735
Title II-D Technology Grant		84.318	195	195
<u>Title I Cluster:</u>				
Title I Grants to Local Educational Agencies		84.010	53,436	53,436
ARRA - Title I Grants to Local Educational Agencies		84.389	1,122	9,229
Total Title I Cluster			<u>54,558</u>	<u>62,665</u>
Improving Teacher Quality State Grants		84.367	23,486	23,486
Learn and Serve America School and Community Based Programs		94.004	15,000	15,000
<b>Direct Assistance</b>				
Rural Education		84.358	27,668	27,668
Total U.S. Department of Education			<u><b>593,699</b></u>	<u><b>637,914</b></u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u><b>\$712,803</b></u>	<u><b>\$757,018</b></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 16, 2012, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 16, 2012.

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

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



**Dave Yost**  
Auditor of State

March 16, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

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

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

In our opinion, the Antwerp Local School District, Paulding County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 16, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

March 16, 2012

**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Education Jobs Fund – CFDA #84.410 ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act – CFDA #84.394
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

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

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

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

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

**Officials' Response:**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	Ohio Administrative Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2011-001 in this report.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting in February 17, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

March 16, 2012





# Dave Yost • Auditor of State

**ANTWERP LOCAL SCHOOL DISTRICT**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2012**