



**Auditor of State  
Betty Montgomery**



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Ansonia Local School District  
Darke County  
600 East Canal Street  
P.O. Box 279  
Ansonia, Ohio 45303-0279

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ansonia Local School District, Darke County, (the District) as of and for the years ended June 30, 2002 and 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ansonia Local School District, Darke County, as of June 30, 2002 and 2001, and the results of its operations and the cash flows of its proprietary fund types for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

January 24, 2003

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**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$375,443	\$268,709	\$85,570	\$4,586,810
Cash and Cash Equivalents:				
With Fiscal Agents		3,477	13,047	
In Segregated Accounts		280		
Receivables:				
Property Taxes	1,283,912	21,649	186,291	43,388
Income Tax	140,744			
Accounts				
Intergovernmental	35,954	17,812		275,132
Accrued Interest	819			
Inventory of Supplies and Materials				
Inventory Held for Resale				
Prepaid Items	6,604			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	190,985			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided for Retirement of General Long-Term Obligations				
<b>Total Assets and Other Debits</b>	<u>2,034,461</u>	<u>311,927</u>	<u>284,908</u>	<u>4,905,330</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable	23,224	22,661		589
Contracts Payable				680,361
Accrued Wages Payable	434,622	9,959		
Retainage Payable				193,482
Intergovernmental Payable	148,094	14,572		
Due to Students				
Deferred Revenue	1,268,597	35,861	173,207	315,471
Compensated Absences Payable	6,445			
Matured Interest Payable			13,047	
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>1,880,982</u>	<u>83,053</u>	<u>186,254</u>	<u>1,189,903</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	48,047	35,456		2,228,127
Reserved for Property Taxes	61,377	1,525	13,084	3,049
Reserved for Textbooks and Instructional Materials	12,621			
Reserved for Bus Purchases	122,866			
Reserved for Budget Stabilization	55,498			
Unreserved:				
Designated for Capital Improvements	4,316			
Designated for Textbooks and Instructional Materials	37,575			
Undesignated (Deficit)	(188,821)	191,893	85,570	1,484,251
<b>Total Fund Equity and Other Credits</b>	<u>153,479</u>	<u>228,874</u>	<u>98,654</u>	<u>3,715,427</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$2,034,461</u>	<u>\$311,927</u>	<u>\$284,908</u>	<u>\$4,905,330</u>

See Accompanying Notes to the General Purpose Financial Statements.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$14,935	\$24,123			\$5,355,590
				16,524
				280
				1,535,240
				140,744
8,770				8,770
5,383				334,281
				819
767				767
4,239				4,239
				6,604
				190,985
34,524		\$13,656,326		13,690,850
			\$98,654	98,654
			2,701,394	2,701,394
<u>68,618</u>	<u>24,123</u>	<u>13,656,326</u>	<u>2,800,048</u>	<u>24,085,741</u>
192	345			47,011
				680,361
12,552				457,133
				193,482
16,873			37,515	217,054
	16,559			16,559
				1,793,136
992			402,721	410,158
				13,047
			2,359,812	2,359,812
<u>30,609</u>	<u>16,904</u>		<u>2,800,048</u>	<u>6,187,753</u>
		13,656,326		13,656,326
46,715				46,715
(8,706)				(8,706)
	4,182			2,315,812
				79,035
				12,621
				122,866
				55,498
				4,316
				37,575
	3,037			1,575,930
<u>38,009</u>	<u>7,219</u>	<u>13,656,326</u>		<u>17,897,988</u>
<u>\$68,618</u>	<u>\$24,123</u>	<u>\$13,656,326</u>	<u>\$2,800,048</u>	<u>\$24,085,741</u>

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expensible Trust</u>	
<b>Revenues:</b>						
Property Taxes	\$886,412	\$20,078	\$171,302	\$40,156		\$1,117,948
Income Tax	367,720					367,720
Tuition and Fees	57,518	400				57,918
Interest	22,404	1,317	2,742	170,620	\$199	197,282
Intergovernmental	3,029,480	496,076	21,919	3,692,457		7,239,932
Gifts and Donations		3,722		6,500		10,222
Extracurricular Activities		90,425				90,425
Miscellaneous	10,041			8,470		18,511
<b>Total Revenues</b>	<u>4,373,575</u>	<u>612,018</u>	<u>195,963</u>	<u>3,918,203</u>	<u>199</u>	<u>9,099,958</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	2,010,554	67,907		9,349		2,087,810
Special	455,289	50,474				505,763
Vocational	206,811			56		206,867
Support Services:						
Pupils	133,092	58,448				191,540
Instructional Staff	349,115	243,372		714		593,201
Board of Education	21,181					21,181
Administration	513,470	45,522		2,102		561,094
Fiscal	98,749	1,901	4,008	967		105,625
Business	8,085					8,085
Operation and Maintenance of Plant	354,622			56,443		411,065
Pupil Transportation	358,345	596				358,941
Central	9,982					9,982
Extracurricular Activities	122,105	59,354			1,000	182,459
Capital Outlay				9,142,506		9,142,506
Debt Service:						
Principal Retirement			75,000			75,000
Interest and Fiscal Charges			121,944			121,944
<b>Total Expenditures</b>	<u>4,641,400</u>	<u>527,574</u>	<u>200,952</u>	<u>9,212,137</u>	<u>1,000</u>	<u>14,583,063</u>
Excess of Revenues Over (Under) Expenditures	(267,825)	84,444	(4,989)	(5,293,934)	(801)	(5,483,105)
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	16,000					16,000
Transfers Out	(13,063)					(13,063)
<b>Total Other Financing Sources (Uses)</b>	<u>2,937</u>					<u>2,937</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(264,888)	84,444	(4,989)	(5,293,934)	(801)	(5,480,168)
Fund Balances at Beginning of Year	424,110	144,430	103,643	9,009,361	8,020	9,689,564
Decrease in Reserve for Inventory	(5,743)					(5,743)
<b>Fund Balances at End of Year</b>	<u>\$153,479</u>	<u>\$228,874</u>	<u>\$98,654</u>	<u>\$3,715,427</u>	<u>\$7,219</u>	<u>\$4,203,653</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$926,072	\$926,072		\$21,079	\$21,079	
Income Tax	370,875	370,875				
Tuition and Fees	71,959	71,959				
Interest	24,883	24,883		1,334	1,334	
Intergovernmental	3,029,480	3,029,480		497,707	497,707	
Gifts and Donations				3,722	3,722	
Extracurricular Activities				90,707	90,707	
Miscellaneous	4,273	4,273				
<b>Total Revenues</b>	<u>4,427,542</u>	<u>4,427,542</u>		<u>614,549</u>	<u>614,549</u>	
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	2,115,992	2,005,093	\$110,899	200,497	105,545	\$94,952
Special	458,591	451,827	6,764	94,882	68,599	26,283
Vocational	212,794	208,049	4,745	1,166		1,166
Other	16,680	16,086	594			
Support Services:						
Pupils	141,364	139,718	1,646	60,652	58,092	2,560
Instructional Staff	399,804	364,511	35,293	261,347	237,389	23,958
Board of Education	33,294	23,580	9,714	25		25
Administration	566,274	507,432	58,842	87,847	48,364	39,483
Fiscal	131,370	100,811	30,559	2,995	1,831	1,164
Business	11,790	8,085	3,705			
Operation and Maintenance of Plant	420,908	361,364	59,544			
Pupil Transportation	456,608	408,409	48,199	978	570	408
Central	17,692	12,427	5,265			
Extracurricular Activities	130,825	122,020	8,805	93,657	77,034	16,623
Capital Outlay						
Debt Service:						
Principal						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<u>5,113,986</u>	<u>4,729,412</u>	<u>384,574</u>	<u>804,046</u>	<u>597,424</u>	<u>206,622</u>
Excess of Revenues Over (Under) Expenditures	<u>(686,444)</u>	<u>(301,870)</u>	<u>384,574</u>	<u>(189,497)</u>	<u>17,125</u>	<u>206,622</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	16,000	16,000				
Refund of Prior Year Expenditures	18,290	18,290		118	118	
Advances - In						
Advances - Out	(25,000)		25,000			
Transfers - Out	(13,100)	(13,063)	37			
<b>Total Other Financing Sources (Uses)</b>	<u>(3,810)</u>	<u>21,227</u>	<u>25,037</u>	<u>118</u>	<u>118</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(690,254)</u>	<u>(280,643)</u>	<u>409,611</u>	<u>(189,379)</u>	<u>17,243</u>	<u>206,622</u>
Fund Balances at Beginning of Year	649,295	649,295		142,589	142,589	
Prior Year Encumbrances Appropriated	112,903	112,903		47,056	47,056	
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$71,944</u>	<u>\$481,555</u>	<u>\$409,611</u>	<u>\$266</u>	<u>\$206,888</u>	<u>\$206,622</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$179,536	\$179,536		\$42,159	\$42,159				
2,874	2,874		192,581	192,581		\$210	\$210	
21,919	21,919		3,692,457	3,692,457				
			6,500	6,500				
			8,470	8,470				
<u>204,329</u>	<u>204,329</u>		<u>3,942,167</u>	<u>3,942,167</u>		<u>210</u>	<u>210</u>	
			9,910	9,349	\$561			
			1,556	56	1,500			
			11,700	714	10,986			
4,500	4,008	\$492	10,102	6,134	3,968			
			1,680	967	713			
			125,201	81,193	44,008			
						1,000	1,000	
			15,574,045	11,491,702	4,082,343			
75,000	75,000							
122,000	121,944	56						
<u>201,500</u>	<u>200,952</u>	<u>548</u>	<u>15,734,194</u>	<u>11,590,115</u>	<u>4,144,079</u>	<u>1,000</u>	<u>1,000</u>	
2,829	3,377	548	(11,792,027)	(7,647,948)	4,144,079	(790)	(790)	
			1,950	1,950				
			<u>1,950</u>	<u>1,950</u>				
2,829	3,377	548	(11,790,077)	(7,645,998)	4,144,079	(790)	(790)	
82,088	82,088		8,243,694	8,243,694		7,999	7,999	
			875,487	875,487				
<u>\$84,917</u>	<u>\$85,465</u>	<u>\$548</u>	<u>(\$2,670,896)</u>	<u>\$1,473,183</u>	<u>\$4,144,079</u>	<u>\$7,209</u>	<u>\$7,209</u>	<u>\$0</u>

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Enterprise Funds</b>
<b>Operating Revenues:</b>	
Sales	\$146,258
Tuition and Fees	44,890
Total Operating Revenues	191,148
<b>Operating Expenses:</b>	
Salaries	109,809
Fringe Benefits	52,164
Purchased Services	1,054
Supplies and Materials	12,282
Cost of Sales	89,491
Depreciation	273
Other Expenses	365
Total Operating Expenses	265,438
<b>Operating Loss</b>	(74,290)
<b>Non-Operating Revenues:</b>	
Interest	98
Federal Donated Commodities	11,643
Federal and State Subsidies	48,450
Total Non-Operating Revenues	60,191
Loss Before Operating Transfers	(14,099)
Operating Transfers In	13,063
<b>Net Loss</b>	(1,036)
Retained Earnings (Deficit) at Beginning of Year	(7,670)
Retained Earnings (Deficit) at End of Year	(8,706)
Contributed Capital at Beginning and End of Year	46,715
<b>Fund Equity at End of Year</b>	<b>\$38,009</b>

*See Accompanying Notes to the General Purpose Financial Statements.*

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Sales	\$145,046	\$145,046	
Tuition and Fees	44,890	44,890	
Interest	113	113	
Federal and State Subsidies	43,067	43,067	
<b>Total Revenues</b>	<u>233,116</u>	<u>233,116</u>	
<b>Expenses:</b>			
Salaries	119,315	114,619	\$4,696
Fringe Benefits	48,319	49,478	(1,159)
Purchased Services	1,993	1,065	928
Supplies and Materials	94,169	92,528	1,641
Capital Outlay	850		850
Other Expenses	350	365	(15)
<b>Total Expenses</b>	<u>264,996</u>	<u>258,055</u>	<u>6,941</u>
Excess of Revenues Under Expenses	(31,880)	(24,939)	6,941
Operating Transfers In	<u>13,063</u>	<u>13,063</u>	
Excess of Revenues Under Expenses and Transfers	(18,817)	(11,876)	6,941
Fund Equity at Beginning of Year	25,613	25,613	
Prior Year Encumbrances Appropriated	462	462	
<b>Fund Equity at End of Year</b>	<u>\$7,258</u>	<u>\$14,199</u>	<u>\$6,941</u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Enterprise Funds</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$189,936
Cash Payments for Employee Services and Benefits	(164,097)
Cash Payments to Suppliers for Goods and Services	(92,857)
Cash Payments for Other Operating Expenses	(365)
Net Cash Used In Operating Activities	(67,383)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	43,067
Operating Transfer In	13,063
Net Cash Provided By Noncapital Financing Activities	56,130
Cash Flows from Investing Activities:	
Interest	98
Net Cash Provided By Investing Activities	98
Net Decrease in Cash and Cash Equivalents	(11,155)
Cash and Cash Equivalents Beginning of Year	26,090
Cash and Cash Equivalents End of Year	\$14,935
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss	(\$74,290)
Adjustments to Reconcile Operating Loss to	
Net Cash Used In Operating Activities:	
Depreciation	273
Donated Commodities Used During the Year	10,685
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,212)
Increase in Intergovernmental Receivable	(971)
Increase in Inventory of Supplies and Materials	(10)
Decrease in Inventory Held for Resale	74
Increase in Accounts Payable	192
Decrease in Accrued Salaries Payable	(3,250)
Increase in Intergovernmental Payable	3,915
Decrease in Compensated Absences Payable	(2,789)
Net Cash Used In Operating Activities	(\$67,383)

**Non-Cash Transactions:**

During fiscal year 2002, the Food Service Enterprise Fund received \$11,643 in donated commodities.

*See Accompanying Notes to the General Purpose Financial Statements.*



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1959 through the consolidation of existing land areas and School Districts. The School District serves an area of approximately 65 square miles. It is located in Darke County, and includes all of the Village of Ansonia and portions of New Weston, Rossburg, Brown, Richland, Wabash, North Star and York Townships. It is staffed by 31 non-certificated employees, 55 certificated full-time teaching personnel and 4 administrative employees who provide services to 725 students and other community members.

**A. Reporting Entity:**

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

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

**Village of Ansonia** - The village government of Ansonia is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

**Parent Teacher Association** - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)**

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 16 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

Metropolitan Dayton Educational Cooperative Association  
Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pools:**

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group  
Rating Plan  
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Ansonia Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**General Fund**

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

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust and major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or the trust fund).

**2. Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's only proprietary fund type:

**Enterprise Funds**

The enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income tax, interest, rent, billings for user charged services, grants, and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. A portion of the Eisenhower, Title VI-B and Preschool Special Revenue Funds grant activity that is administered by a fiscal agent, is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**1. Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Darke County Budget Commission for rate determination.

**2. Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted, however, none of them were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations. Formal budgetary integration is employed by the Board of Education as a management control device during the year for all funds other than the Eisenhower, Title VI-B and Preschool special revenue funds and the agency fund at the object level, consistent with statutory provisions.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**4. Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and expendable trust funds and reported in the notes to the financial statements for proprietary funds.

**5. Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents". In addition, the balance of various grants administered by a fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." The School District also has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

During fiscal year 2002, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$22,404 which includes \$19,994 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**F. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent unexpended revenues restricted for the purchase of school buses and amounts required by statute to be set-aside by the School District for textbooks and budget stabilization. See Note 17 for additional information regarding set-asides.

**H. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the enterprise fund consist of donated food, purchased food held for resale, and non-food supplies, and are expensed when used.

**I. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. After fiscal year 2000, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital.



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees with unpaid leave are paid, the remainder is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental and expendable trust fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. General obligation bonds are recorded as a liability of the General Long-Term Obligations Account Group until due. Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbooks and instructional materials, bus purchases, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. This reserve amount consists exclusively of monies refunded from the Bureau of Workers' Compensation until April 10, 2002.

**N. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside for capital improvements and textbooks and instructional materials which exceed the statutory required amount. Designations have been established for capital improvements and textbooks and instructional materials.

**O. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The Title VI-R and the Goals 2000 Grant Special Revenue Funds and the Food Service and Preschool Program Enterprise Funds had negative fund balances/retained earnings at June 30, 2002, in the amounts of \$462, \$163, \$28,697, and \$7,805, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is required, rather than when accruals occur. The School District will continue to monitor the deficit in the food service and preschool enterprise funds, and possibly raise fees to eliminate the deficit.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Compliance**

The following funds had expenditures in excess of the amounts appropriated as of June 30, 2002:

<u>Fund/Function</u>	<u>2002 Appropriations</u>	<u>2002 Expenditures</u>	<u>Plus Year End Encumbrances</u>	<u>Excess</u>
<b>General Fund:</b>				
Special Instruction				
Salaries	\$291,170	\$294,375	\$0	\$3,205
Support Services – Pupils				
Purchased Services	32,932	28,280	7,364	2,712
Support Services – Instructional Staff				
Fringe Benefits	44,038	45,802	0	1,764
Other	115,000	116,012	0	1,012
Support Services - Administration				
Salaries	368,965	370,701	0	1,736
<b>Special Revenue Funds:</b>				
Extracurricular Activities				
Extracurricular Activities				
Other	12,800	17,173	2,326	6,699
Public School Preschool				
Regular Instruction				
Fringe Benefits	75	1,140	0	1,065
<b>Capital Projects Fund:</b>				
Permanent Improvement				
Operation and Maintenance of Plant				
Capital Outlay	0	3,398	0	3,398
<b>Enterprise Funds:</b>				
Food Service				
Non-Instructional Service				
Salaries	72,015	77,794	0	5,779
Latchkey				
Regular Instruction				
Fringe Benefits	5,050	7,956	0	2,906
Materials and Supplies	1,000	6,280	49	5,329
Support Services – Instructional Staff				
Fringe Benefits	6,150	8,332	0	2,182

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

Appropriations in excess of estimated resources and available balances at June 30, 2002 are as follows:

<b>Fund Type/Fund</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Excess</b>
<b>Special Revenue Funds:</b>			
Martha Holden Jennings	\$1,369	\$3,000	\$1,631
Public School Support	63,962	69,850	5,888
Extracurricular Activities	73,024	83,275	10,251
Public School Preschool	72,460	146,340	73,880
Ohio Reads	17,690	18,121	431
Title VI-B	56,670	64,564	7,894
Title VI	8,225	9,220	995
Eisenhower	5,003	8,229	3,226
Migrant Program	2,031	4,653	2,622
Drug Free Grant	4,922	7,656	2,734
Reducing Class Size	14,417	15,487	1,070
<b>Capital Projects Funds:</b>			
Classroom Facilities	11,973,898	14,732,880	2,758,982
Vocational Matching Fund	990	1,500	510
<b>Enterprise Fund:</b>			
Preschool Program	60,433	61,526	1,093

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to the School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds</b>					
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	(\$264,888)	\$84,444	(\$4,989)	(\$5,293,934)	(\$801)
Adjustments:					
Revenue Accruals	72,257	2,649	8,366	25,914	11
Expenditure Accruals	(4,449)	(10,308)	0	728,613	0
Encumbrances	(83,563)	(60,061)	0	(3,106,591)	0
Non-Budgeted Funds	0	519	0	0	0
Budget Basis	<u>(\$280,643)</u>	<u>\$17,243</u>	<u>\$3,377</u>	<u>(\$7,645,998)</u>	<u>(\$790)</u>

**Net Loss/Excess of Revenues  
Under Expenses and Transfers  
Proprietary Fund Type**

	<u>Enterprise</u>
GAAP Basis	(\$1,036)
Adjustments:	
Revenue Accruals	(20,030)
Expense Accruals	9,653
Encumbrances	(736)
Depreciation	273
Budget Basis	<u>(\$11,876)</u>

2/18/2003 Ansonia Local School District  
Darke County, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase 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;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio); and

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including repurchase agreements) and Reverse Repurchase Agreements".

At June 30, 2002, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$3,477. The money is held by the Darke County Educational Center, which is the fiscal agent of several other school districts and cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents for the Darke County Educational Service Center as a whole can be obtained by writing Emiko Augsberger at the Darke County Educational Service Center, 5279 Education Drive, Greenville, Ohio 45331.

**Deposits:** At fiscal year-end, the carrying amount of the School District's deposits was \$187,383 and the bank balance was \$207,154. Of the bank balance:

1. \$168,392 was covered by federal depository insurance; and
2. \$38,762 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The investment has a fair value and carrying value of \$5,372,519 at June 30, 2002.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."* A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$5,563,379	\$0
Cash Held with the Darke County		
Educational Service Center	(\$3,477)	0
Investments:		
STAR Ohio	(5,372,519)	5,372,519
GASB Statement No. 3	\$187,383	\$5,372,519

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Tangible personal property taxes 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.

The assessed values upon which fiscal year 2002 taxes were collected are:

	<b>2001 Second- Half Collections</b>		<b>2002 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$39,547,170	83.50%	\$39,920,500	84.32%
Public Utility	4,478,580	9.46%	3,550,070	7.50%
Tangible Personal Property	3,336,370	7.04%	3,870,920	8.18%
<b>Total Assessed Value</b>	<b>\$47,362,120</b>	<b>100.00%</b>	<b>\$47,341,490</b>	<b>100.00%</b>
 Tax rate per \$1,000 of assessed valuation	 \$40.60		 \$40.60	

The School District receives property taxes from Darke County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2002, was \$61,377 in the general fund, \$1,525 in the classroom facilities maintenance special revenue fund, \$13,084 in the bond retirement debt service fund, and \$3,049 in the permanent improvement capital projects fund.

**7. INCOME TAX**

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$367,720 is credited to the General Fund.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**8. RECEIVABLES**

Receivables at June 30, 2002, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

<b>Fund Type/Fund</b>	<b>Amounts</b>
General Fund	\$35,954
Special Revenue Funds:	
SchoolNet Plus	
Professional Development	1,675
Ohio READS Grant	400
Migrant Program	2,604
Title I	9,564
Title II	703
Drug Free Grant	2,253
Classroom Size Reduction	613
Total Special Revenue Funds	17,812
Capital Projects Fund:	
Classroom Facilities	275,132
Proprietary Fund:	
Food Service	5,383
Total Intergovernmental Receivables	\$334,281

During fiscal year 2000, the school district was awarded \$10,250,052 for the construction of a new school building and improvements to existing buildings under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Historically, the School District repaid the State. If the School District's adjusted valuation per pupil was less than the state-side median adjusted valuation per pupil, in lieu of repayment, the School District set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District was required to submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expired. Legislation effective September 15, 2000 eliminated any possibility that money received by the School District under this program will need to be repaid. As of the June 30, 2002, the School District had received \$9,974,920 of the amount awarded under this program. The remaining \$275,132 is recorded as a receivable and deferred revenue on the balance sheet. The School District issued bonds to meet the local share requirement of the grant. See Note 14 for additional information on the bonds.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$89,812
Less Accumulated Depreciation	<u>(55,288)</u>
Net Fixed Assets	<u>\$34,524</u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Deductions	Balance at 6/30/02
Land and Improvements	\$72,425	\$0	\$0	\$72,425
Buildings and Improvements	2,510,227	0	0	2,510,227
Furniture, Fixtures and Equipment	1,246,581	195,367	7,947	1,434,001
Vehicles	480,162	54,270	29,085	505,347
Construction in Progress	1,185,922	7,948,404	0	9,134,326
Totals	<u>\$5,495,317</u>	<u>\$8,198,041</u>	<u>\$37,032</u>	<u>\$13,656,326</u>

**10. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2002, the School District contracted with Nationwide Insurance and Phelan Insurance for property and fleet, liability, boiler and machinery, crime, and inland marine insurance.

Insurance coverage provided by Nationwide Insurance and Phelan Insurance is as follows:

Building and Contents - at replacement cost (\$500 deductible)	\$13,226,572
Inland Marine Coverage (\$250 deductible)	\$865,051
Boiler and Machinery (\$500)	No Limit
Crime Insurance (\$0 deductible)	1,000
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per year	3,000,000

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

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For fiscal year 2002, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group plan. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school Districts in the group. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the group is limited to school districts that can meet the group's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the group.

**C. Insurance Purchasing Pools**

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

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$50,047, \$30,770, and \$31,434, respectively; 50.73 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$24,657, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$232,235, \$243,819, and \$131,747, respectively; 82.90 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$39,702 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

**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, 2002, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining member of the board has elected SERS.

2/18/2003 Ansonia Local School District  
Darke County, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**12. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$110,006 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$85,471.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Classified employees and administrators earn three days of personal leave per fiscal year. Accumulated, unused personal leave is paid to classified employees and administrators upon termination of employment. Teachers earn personal leave, but it is not paid to them upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for 30 days of accrued, but unused sick leave credit for certified employees, and 32 days for classified employees. Certified employees are paid an additional 10 days if they have taught the last five consecutive years at Ansonia Local School District. They receive an additional 20 days if they taught the last ten years, and they receive an additional 30 days if they have taught the last fifteen years. Classified employees with five years of consecutive service receive an additional fifteen days. Thus, certified staff can receive a maximum of 60 days, while classified staff can receive a maximum of 47 days.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Ohio Educational Employee Life Insurance. Medical and surgical benefits for most employees are provided by Anthem Blue Cross and Blue Shield through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. The School District pays its premium to the SOEPC Medical Benefits Plan (Note 16).

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	<u>Amount Outstanding 6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/02</u>
<u>General Obligation Bonds:</u>				
School Facilities Construction and Improvement Bonds 2000 5.50%	\$2,425,776	\$9,036	\$75,000	\$2,359,812
<u>Other Long-Term Obligations:</u>				
Intergovernmental Payable	34,636	37,515	34,636	37,515
Compensated Absences	366,754	35,967	0	402,721
Total General Long-Term Obligations	<u>\$2,827,166</u>	<u>\$82,518</u>	<u>\$109,636</u>	<u>\$2,800,048</u>

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

School Facilities Construction and Improvement General Obligation Bonds - The School District issued bonds in the amount of \$2,563,000 to finance the construction of school facilities. Of these bonds, \$2,515,000 are serial bonds, with maturity dates of December 1, 2000 to December 1, 2011 and December 1, 2022. \$48,000 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount on the capital appreciation bonds is \$130,000 for each year. The capital appreciation bonds were accreted \$9,036 in fiscal year 2002.

Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$1,802,263 with an unvoted debt margin of \$47,341 at June 30, 2002.

Principal and interest requirements to retire School Facilities Construction and Improvement Bonds are as follows:

<b>Fiscal year Ending June 30,</b>	<b>Serial Bonds Principal</b>	<b>Serial Bonds Interest</b>	<b>Capital Appreciation Bonds Principal</b>	<b>Total</b>
2003	\$80,000	\$120,163	\$0	\$200,163
2004	85,000	116,363	0	201,363
2005	90,000	112,325	0	202,325
2006	95,000	108,050	0	203,050
2007	100,000	103,395	0	203,395
2008-2012	575,000	437,895	0	1,012,895
2013-2017	270,000	342,100	390,000	1,002,100
2018-2022	810,000	190,575	0	1,000,575
2023	190,000	10,450	0	200,450
Total	<u>\$2,295,000</u>	<u>\$1,541,316</u>	<u>\$390,000</u>	<u>\$4,226,316</u>

**15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and a preschool program. The table below reflects the more significant financial data relating to the enterprise funds of the Ansonia Local School District as of and for the fiscal year ended June 30, 2002.



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Preschool Program</b>	<b>Total</b>
Operating Revenues	\$124,584	\$21,674	\$44,890	\$191,148
Depreciation Expense	273	0	0	273
Operating Income (Loss)	(61,671)	3,973	(16,592)	(74,290)
Donated Commodities	11,643	0	0	11,643
Federal and State Subsidies	48,450	0	0	48,450
Interest	98	0	0	98
Operating Transfers	0	0	13,063	13,063
Net Income (Loss)	(1,480)	3,973	(3,529)	(1,036)
Net Working Capital	(6,476)	18,920	(7,967)	4,477
Long-Term Liabilities				
Payable from Revenue	992	0	0	992
Total Equity	26,893	18,920	(7,804)	38,009
Encumbrances Outstanding at June 30, 2002	\$736	\$0	\$0	\$736

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS**

**A. Jointly Governed Organizations**

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$14,230 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS  
(Continued)**

**Southwestern Ohio Educational Purchasing Council** - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during this one year period.

Payments to SOEPC are made from the general fund. During fiscal year 2002, the School District paid \$8,115 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets will be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2002, the School District paid \$9,215 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pools**

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

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS  
(Continued)**

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

**17. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based upon legislative changes, this is the only money still required to be set-aside for this purpose.

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

	<b>Textbooks</b>	<b>Capital Acquisition</b>	<b>Budget Stabilization</b>
Set-aside Reserve Balance as of June 30, 2001	\$31,822	\$0	\$55,498
Current Year Set-aside Requirement	85,964	85,964	0
Current Year Offsets	0	(63,238)	0
Qualifying Disbursements	(105,165)	(36,556)	0
Set-aside Reserve Balance as of June 30, 2002	<u>\$12,621</u>	<u>(\$13,830)</u>	<u>\$55,498</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$12,621</u>	<u>\$0</u>	<u>\$55,498</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, however, the negative amount cannot be carried forward. The total reserve balance for these set-asides at the end of the fiscal year was \$68,119. The School District has set-aside additional amounts for capital improvements and textbooks and instructional materials in the amounts of \$4,316 and \$37,575, respectively. These are shown on the balance sheet as fund balance designations.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**18. CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had contractual commitments as follows:

<b>Contractor</b>	<b>Contract Amount</b>	<b>Amount Expended</b>	<b>Balance at 06/30/02</b>
Wayne Builders Supply	\$89,170	\$82,016	\$7,154
Bruns Building	1,200,633	942,014	258,619
Fryman/Kuck	5,221,563	3,924,805	1,296,758
Bushong Restaurant	226,194	174,274	51,920
GM Mechanical	2,260,828	1,952,603	308,225
Steed Hammond Paul	902,469	805,735	96,734
Bud's Electric	1,027,177	928,843	98,334
Ohio Valley Integration	396,260	86,477	309,783
A-1 Sprinkler	159,800	125,836	33,964
<b>Totals</b>	<b>\$11,484,094</b>	<b>\$9,022,603</b>	<b>\$2,461,491</b>

**19. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**B. Litigation**

The School District is not party to legal proceedings.

**20. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$539,994	\$189,748	\$82,325	\$9,148,178
Cash and Cash Equivalents:				
With Fiscal Agent		4,171	13,047	
In Segregated Accounts		262		
Receivables:				
Property Taxes	969,498	21,955	185,176	44,015
Income Tax	148,901			
Accounts	27,140			
Intergovernmental		17,420		3,375,132
Accrued Interest	1,359			
Due From Other Funds		300		
Inventory of Supplies and Materials	5,743			
Inventory Held for Resale				
Prepaid Items	5,174			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	225,418			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided for Retirement of General Long-Term Obligations				
<b>Total Assets and Other Debits</b>	<u>1,923,227</u>	<u>233,856</u>	<u>280,548</u>	<u>12,567,325</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable	26,565	37,784		28,897
Contracts Payable				82,875
Accrued Wages and Benefits Payable	432,733	13,467		
Retainage Payable				32,097
Intergovernmental Payable	136,967	11,066		
Due to Other Funds		510		
Due to Students				
Deferred Revenue	897,170	26,599	163,858	3,414,095
Compensated Absences Payable	5,682			
Matured Interest Payable			13,047	
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>1,499,117</u>	<u>89,426</u>	<u>176,905</u>	<u>3,557,964</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	74,006	12,229		866,034
Reserved for Inventory of Materials and Supplies	5,743			
Reserved for Property Taxes	101,037	2,526	21,318	5,052
Reserved for Textbooks and Instructional Materials	31,822			
Reserved for Bus Purchases	138,098			
Reserved for Budget Stabilization	55,498			
Unreserved:				
Designated for Capital Improvements	4,316			
Designated for Textbooks and Instructional Materials	3,082			
Undesignated	10,508	129,675	82,325	8,138,275
<b>Total Fund Equity and Other Credits</b>	<u>424,110</u>	<u>144,430</u>	<u>103,643</u>	<u>9,009,361</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$1,923,227</u>	<u>\$233,856</u>	<u>\$280,548</u>	<u>\$12,567,325</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$26,068	\$27,613			\$10,013,926
				17,218
				262
				1,220,644
				148,901
7,557				34,697
				3,392,552
				1,359
	210			510
757				6,500
3,378				3,378
				5,174
				225,418
34,797		\$5,495,317		5,530,114
			\$103,643	103,643
			2,723,523	2,723,523
<u>72,557</u>	<u>27,823</u>	<u>5,495,317</u>	<u>2,827,166</u>	<u>23,427,819</u>
971				94,217
				82,875
13,403				459,603
				32,097
12,958	795		34,636	196,422
				510
	19,008			19,008
				4,501,722
6,180			366,754	378,616
				13,047
			2,425,776	2,425,776
<u>33,512</u>	<u>19,803</u>		<u>2,827,166</u>	<u>8,203,893</u>
		5,495,317		5,495,317
46,715				46,715
(7,670)				(7,670)
				952,269
				5,743
				129,933
				31,822
				138,098
				55,498
				4,316
				3,082
	8,020			8,368,803
<u>39,045</u>	<u>8,020</u>	<u>5,495,317</u>		<u>15,223,926</u>
<u>\$72,557</u>	<u>\$27,823</u>	<u>\$5,495,317</u>	<u>\$2,827,166</u>	<u>\$23,427,819</u>

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expensible Trust</u>	
<b>Revenues:</b>						
Property Taxes	\$953,998	\$21,745	\$189,355	\$54,210		\$1,219,308
Income Tax	384,347					384,347
Tuition and Fees	180,778					180,778
Interest	60,848	780	20,825	209,916	\$478	292,847
Intergovernmental	2,812,043	305,726	21,347	6,525,701		9,664,817
Extracurricular Activities		132,306				132,306
Miscellaneous	20,062					20,062
<b>Total Revenues</b>	<b>4,412,076</b>	<b>460,557</b>	<b>231,527</b>	<b>6,789,827</b>	<b>478</b>	<b>11,894,465</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,915,263	110,149		5,416		2,030,828
Special	435,580	106,707				542,287
Vocational	187,370			1,979		189,349
Support Services:						
Pupils	141,478	10,437				151,915
Instructional Staff	314,701	82,137		11,387		408,225
Board of Education	20,997					20,997
Administration	471,566	81,977				553,543
Fiscal	116,154	3,109	4,176	1,256		124,695
Business	588					588
Operation and Maintenance of Plant	327,070			56,652		383,722
Pupil Transportation	365,939	692				366,631
Central	11,900				1,000	12,900
Extracurricular Activities	110,894	67,164				178,058
Capital Outlay				548,845		548,845
Debt Service:						
Principal Retirement			145,000	2,579,610		2,724,610
Interest and Fiscal Charges			116,254	59,124		175,378
<b>Total Expenditures</b>	<b>4,419,500</b>	<b>462,372</b>	<b>265,430</b>	<b>3,264,269</b>	<b>1,000</b>	<b>8,412,571</b>
Excess of Revenues Over (Under) Expenditures	(7,424)	(1,815)	(33,903)	3,525,558	(522)	3,481,894
<b>Other Financing Sources:</b>						
Proceeds from Sale of Bonds				2,563,000		2,563,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(7,424)	(1,815)	(33,903)	6,088,558	(522)	6,044,894
Fund Balances at Beginning of Year	428,758	146,245	137,546	2,920,803	8,542	3,641,894
Increase in Reserve for Inventory	2,776					2,776
<b>Fund Balances at End of Year</b>	<b>\$424,110</b>	<b>\$144,430</b>	<b>\$103,643</b>	<b>\$9,009,361</b>	<b>\$8,020</b>	<b>\$9,689,564</b>

See Accompanying Notes to the General Purpose Financial Statements.



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**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Taxes	\$965,087	\$942,500	(\$22,587)	\$21,415	\$21,457	\$42
Income Tax	391,545	376,238	(15,307)			
Tuition and Fees	198,239	206,718	8,479			
Interest	59,330	62,594	3,264	700	678	(22)
Intergovernmental	2,795,824	2,812,493	16,669	252,086	252,050	(36)
Extracurricular Activities				125,909	125,909	
Miscellaneous	3,000	12,155	9,155			
<b>Total Revenues</b>	<b>4,413,025</b>	<b>4,412,698</b>	<b>(327)</b>	<b>400,110</b>	<b>400,094</b>	<b>(16)</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	2,000,459	1,880,453	120,006	200,088	186,812	13,276
Special	468,495	431,993	36,502	114,361	106,323	8,038
Vocational	193,196	190,228	2,968	1,166		1,166
Support Services:						
Pupils	143,348	139,103	4,245	46,560	11,293	35,267
Instructional Staff	346,421	312,162	34,259	52,522	47,399	5,123
Board of Education	29,745	21,814	7,931			
Administration	504,328	463,888	40,440	87,622	82,782	4,840
Fiscal	128,431	116,091	12,340	4,790	3,432	1,358
Business	6,000	5,878	122			
Operation and Maintenance of Plant	364,619	363,619	1,000	500		500
Pupil Transportation	504,767	399,890	104,877	1,670	842	828
Central	14,774	12,311	2,463			
Extracurricular Activities	114,610	110,910	3,700	88,619	68,703	19,916
Capital Outlay						
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
<b>Total Expenditures</b>	<b>4,819,193</b>	<b>4,448,340</b>	<b>370,853</b>	<b>597,898</b>	<b>507,586</b>	<b>90,312</b>
Excess of Revenues Over (Under) Expenditures	<b>(406,168)</b>	<b>(35,642)</b>	<b>370,526</b>	<b>(197,788)</b>	<b>(107,492)</b>	<b>90,296</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Long-Term Notes						
Refund of Prior Year Expenditures	7,577	7,907	330	6,097	6,097	
Advances - In	77,636	77,636				
Advances - Out	(60,000)		60,000	(58,768)	(58,768)	
Transfers - Out						
<b>Total Other Financing Sources (Uses)</b>	<b>25,213</b>	<b>85,543</b>	<b>60,330</b>	<b>(52,671)</b>	<b>(52,671)</b>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>(380,955)</b>	<b>49,901</b>	<b>430,856</b>	<b>(250,459)</b>	<b>(160,163)</b>	<b>90,296</b>
Fund Balances at Beginning of Year	553,813	553,813		201,247	201,247	
Prior Year Encumbrances Appropriated	45,590	45,590		101,505	101,505	
<b>Fund Balances at End of Year</b>	<b>\$218,448</b>	<b>\$649,304</b>	<b>\$430,856</b>	<b>\$52,293</b>	<b>\$142,589</b>	<b>\$90,296</b>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$186,540	\$188,632	\$2,092	\$56,741	\$56,048	(\$693)			
22,500	21,261	(1,239)	384,083	196,309	(187,774)	\$505	\$505	
22,200	21,347	(853)	6,336,447	6,524,914	188,467			
<u>231,240</u>	<u>231,240</u>		<u>6,777,271</u>	<u>6,777,271</u>		<u>505</u>	<u>505</u>	
			28,863	25,056	3,807			
			3,535	2,035	1,500			
			12,312	12,012	300			
6,000	4,176	1,824	1,750	1,256	494			
			90,674	77,804	12,870			
						2,000	1,000	\$1,000
			1,369,000	1,316,837	52,163			
145,000	145,000		2,563,000	2,563,000				
116,300	116,254	46	58,294	58,294				
<u>267,300</u>	<u>265,430</u>	<u>1,870</u>	<u>4,127,428</u>	<u>4,056,294</u>	<u>71,134</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
(36,060)	(34,190)	1,870	2,649,843	2,720,977	71,134	(1,495)	(495)	1,000
			2,563,000	2,563,000				
			787	787				
			(18,868)	(18,868)				
			<u>2,544,919</u>	<u>2,544,919</u>				
(36,060)	(34,190)	1,870	5,194,762	5,265,896	71,134	(1,495)	(495)	1,000
116,279	116,279		2,824,011	2,824,011		7,494	7,494	
			153,787	153,787		1,000	1,000	
<u>\$80,219</u>	<u>\$82,089</u>	<u>\$1,870</u>	<u>\$8,172,560</u>	<u>\$8,243,694</u>	<u>\$71,134</u>	<u>\$6,999</u>	<u>\$7,999</u>	<u>\$1,000</u>

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u><b>Enterprise Funds</b></u>
<b>Operating Revenues:</b>	
Sales	\$146,793
Tuition and Fees	33,037
Total Operating Revenues	<u>179,830</u>
<b>Operating Expenses:</b>	
Salaries and Wages	100,119
Fringe Benefits	40,049
Purchased Services	633
Supplies and Materials	7,703
Cost of Sales	89,518
Depreciation	5,113
Other Expenses	344
Total Operating Expenses	<u>243,479</u>
<b>Operating Loss</b>	<u>(63,649)</u>
<b>Non-Operating Revenues:</b>	
Federal and State Subsidies	44,247
Federal Donated Commodities	12,512
Interest	223
Total Non-Operating Revenues	<u>56,982</u>
<b>Net Loss</b>	(6,667)
Retained Earnings (Deficit) at Beginning of Year	<u>(1,003)</u>
Retained Earnings (Deficit) at End of Year	<u>(7,670)</u>
Contributed Capital at Beginning of Year	46,715
Contributions During the Year	<u>          </u>
Contributed Capital at End of Year	<u>46,715</u>
<b>Fund Equity at End of Year</b>	<u><u>\$39,045</u></u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$146,976	\$145,749	(\$1,227)
Tuition and Fees	33,037	33,037	
Interest	200	240	40
Federal and State Subsidies	43,060	44,247	1,187
<b>Total Revenues</b>	<b>223,273</b>	<b>223,273</b>	
<b>Expenses:</b>			
Salaries and Wages	118,400	105,767	12,633
Fringe Benefits	45,220	36,245	8,975
Purchased Services	1,420	725	695
Supplies and Materials	86,874	86,513	361
Capital Outlay	1,006	90	916
Other Expenses	344	344	
<b>Total Expenses</b>	<b>253,264</b>	<b>229,684</b>	<b>23,580</b>
 Excess of Revenues Under Expenses	 (29,991)	 (6,411)	 23,580
 Fund Equity at Beginning of Year	 30,684	 30,684	
Prior Year Encumbrances Appropriated	1,319	1,319	
<b>Fund Equity at End of Year</b>	<b>\$2,012</b>	<b>\$25,592</b>	<b>\$23,580</b>

*See Accompanying Notes to the General Purpose Financial Statements.*

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$178,786
Cash Payments for Employee Services and Benefits	(142,012)
Cash Payments to Suppliers for Goods and Services	(86,867)
Other Operating Expenses	(344)
Net Cash Used In Operating Activities	<u>(50,437)</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	<u>44,247</u>
Net Cash Provided By Noncapital Financing Activities	<u>44,247</u>
Cash Flows from Investing Activities:	
Interest	<u>223</u>
Net Cash Provided By Investing Activities	<u>223</u>
Net Decrease in Cash and Cash Equivalents	(5,967)
Cash and Cash Equivalents Beginning of Year	<u>32,035</u>
Cash and Cash Equivalents End of Year	<u><u>\$26,068</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss	(\$63,649)
Adjustments to Reconcile Operating Loss to	
Net Cash Used In Operating Activities:	
Depreciation	5,113
Donated Commodities Used	10,682
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,044)
Decrease in Inventory of Supplies and Materials	39
Increase in Inventory Held for Resale	(552)
Increase in Accounts Payable	818
Decrease in Accrued Salaries Payable	(6,122)
Increase in Intergovernmental Payable	3,809
Increase in Compensated Absences Payable	469
Net Cash Used In Operating Activities	<u><u>(\$50,437)</u></u>

Non-Cash Transactions:

During fiscal year 2001, the Food Service Enterprise fund received \$12,512 in donated commodities.

*See Accompanying Notes to the General Purpose Financial Statements.*

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1959 through the consolidation of existing land areas and School Districts. The School District serves an area of approximately 65 square miles. It is located in Darke County, and includes all of the Village of Ansonia and portions of New Weston, Rossburg, Brown, Richland, Wabash, North Star and York Townships. It is staffed by 37 non-certificated employees, 56 certificated full-time teaching personnel and 4 administrative employees who provide services to 713 students and other community members.

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

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

**Village of Ansonia** - The village government of Ansonia is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

**Parent Teacher Association** - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)**

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

Metropolitan Dayton Educational Cooperative Association  
Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pool:**

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group  
Rating Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Ansonia Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**General Fund**

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

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust and major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or the trust fund).

**2. Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

**Enterprise Funds**

The enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund types operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income tax, interest, rent, billings for user charged services, grants, and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than the agency fund, are legally required to be budgeted and appropriated. A portion of the Eisenhower, Title VI-B and Preschool special revenue funds grant activity, that is administered by a fiscal agent, is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund and function.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**1. Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Darke County Budget Commission for rate determination.

**2. Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted, however, none of them were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than the Eisenhower, title VI-B and preschool special revenue funds and the agency fund, consistent with statutory provisions.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**4. Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and expendable trust funds and reported in the notes to the financial statements for proprietary funds.

**5. Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. In addition, the balance of various grants administered by a fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." The School District also has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

During fiscal year 2001, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$60,848 which includes \$50,025 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**H. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due From Other Funds" or "Due To Other Funds" on the balance sheet.

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees with unpaid leave are paid, the remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental and expendable trust fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources. General obligation bonds, long-term notes, and capital leases are recorded as a liability of the general long-term obligations account group until due. Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials and for the creation of a reserve for budget stabilization.

**M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**N. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, property taxes, textbooks and instructional materials, bus purchases, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. This reserve amount consists exclusively of monies received from the Bureau of Workers' Compensation until April 10, 2001.

**O. Fund Designations**

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside for capital improvements and textbooks and instructional materials which exceed the statutory required amount. The amounts designated for capital improvements and textbooks and instructional materials this year for the School District are \$4,316 and \$3,082, respectively.

**P. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**Q. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The Title I and Title VI-R special revenue funds and the Food Service and Preschool Program Enterprise Funds had a negative fund balances/retained earnings at June 30, 2001, in the amounts of \$11,110, \$1,300, \$18,339, and \$4,277, respectively. The general fund is liable for any deficit in the special revenue funds and provides operating transfers when cash is required, not when accruals occur. The School District will continue to monitor the deficit in the food service and preschool enterprise funds, and possibly raise fees to eliminate the deficit.

**B. Compliance**

At the legal level of control, which is the object within the fund and function for the District, there were several exceptions noted where expenditures exceeded the amounts appropriated. The following were not in compliance as of June 30, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Plus Year End Encumbrances</u>	<u>Excess</u>
General Fund				
Regular Instruction				
Fringe Benefits	\$344,798	\$346,981	\$50	\$2,233
Vocational Instruction				
Salaries	133,555	134,793	0	1,238
Support Services - Pupils				
Purchased Services	8,374	14,272	0	5,898
Support Services - Instructional Staff				
Fringe Benefits	32,775	34,751	0	1,976
Operation and Maintenance of Plant				
Capital Outlay	0	3,875	0	3,875
Special Revenue Funds:				
Student Managed Activity				
Extracurricular Activities				
Materials and Supplies	\$26,744	\$22,201	\$8,060	\$3,517
Public School Preschool				
Regular Instruction				
Fringe Benefits	3,750	6,105	75	2,430
Materials and Supplies	3,080	3,818	3,892	4,630
Support Services - Instructional Staff				
Fringe Benefits	3,226	5,799	0	2,573
Ohio Reads				
Regular Instruction				
Materials and Supplies	4,500	227	29,331	25,058

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Plus Year End Encumbrances</u>	<u>Excess</u>
Title I				
Special Instruction				
Fringe Benefits	16,130	17,182	0	1,052
Library Services and Technology				
Regular Instruction				
Salaries	3,736	5,478	0	1,742
Capital Projects Funds:				
Permanent Improvement Fund				
Operation and Maintenance of Plant				
Materials and Supplies	27,000	24,027	9,500	6,527
Capital Outlay	5,000	8,362	0	3,362
Classroom Facilities				
Building Improvement				
Purchased Services	5,000	2,325	25,000	25,058
Enterprise Fund:				
Food Service				
Non-Instructional Services				
Materials and Supplies	62,139	64,222	370	2,453

The following funds had appropriations in excess of available resources as of June 30, 2001:

<b>Fund Type/Fund</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Excess</b>
Special Revenue Funds:			
EMIS	\$80,089	\$81,230	\$1,141
Ohio Reads	31,190	33,490	2,300
Migrant Program	12,671	1,921	6,539
Eisenhower	6,813	6,998	185
Title VI-B	50,830	58,357	7,527
Title I	77,638	77,844	206
Title VI	3,231	5,036	1,805
Drug Free	4,783	6,802	2,019
E-Rate	15,295	16,196	901
Reducing Class Size	10,991	13,063	2,072
Capital Projects Fund:			
Vocational Matching	2,035	3,535	1,500
Enterprise Fund:			
Preschool Program	44,701	63,985	19,284

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to the School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds</b>					
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>
GAAP Basis	(\$7,424)	(\$1,815)	(\$33,903)	\$6,088,558	(\$522)
Revenue Accruals	8,529	(54,366)	(287)	(11,769)	27
Expenditure Accruals	83,720	21,351	0	83,462	0
Prepaid Items	343	0	0	0	0
Non-Budgeted Funds	0	(19,508)	0	0	0
Advances	77,636	(58,768)	0	(18,868)	0
Encumbrances (Budget Basis)	(112,903)	(47,057)	0	(875,487)	0
Budget Basis	\$49,901	(\$160,163)	(\$34,190)	\$5,265,896	(\$495)

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<b>Net Loss/Excess of Revenues Under Expenses Proprietary Fund Type</b>	
	<b>Enterprise</b>
GAAP Basis	(\$6,667)
Revenue Accruals	(13,539)
Expense Accruals	14,258
Encumbrances	(463)
Budget Basis	(\$6,411)

**5. DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on 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.

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

State Statute permits interim monies to be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

At June 30, 2001, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$4,171. The money is held by the Darke County Educational Center, which is the fiscal agent of several other school districts and cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents for the Darke County Educational Service Center as a whole can be obtained by writing Emiko Augsberger at the Darke County Educational Service Center, 5279 Education Drive, Greenville, Ohio 45331.

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$3,508,262 and the bank balance was \$3,558,891. Of the bank balance:

1. \$191,434 was covered by federal depository insurance; and
2. \$3,367,457 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**Investments:** The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The investment has a fair value and carrying value of \$6,744,391 at June 30, 2001.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<b>Cash and Cash</b>	
	<b>Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement 9	\$10,256,824	\$0
Cash Held with the Darke County Educational Service Center	(4,171)	0
Investment:		
STAR Ohio	(6,744,391)	6,744,391
GASB Statement 3	\$3,508,262	\$6,744,391

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. PROPERTY TAXES (Continued)**

The assessed values upon which fiscal year 2001 taxes were collected are:

	<b>2000 Second- Half Collections</b>		<b>2001 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$31,953,730	80.25%	\$39,547,170	83.50%
Public Utility	4,580,190	11.50	4,478,580	9.46
Tangible Personal Property	3,285,430	8.25	3,336,370	7.04
Total Assessed Value	<u>\$39,819,350</u>	<u>100.00%</u>	<u>\$47,362,120</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.48		\$40.60	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later 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 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.

The School District receives property taxes from Darke County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$129,933. \$101,037 was available to the general fund, \$2,526 was available to the classroom facilities maintenance special revenue fund, \$21,318 was available to the bond retirement debt service fund, and \$5,052 was available to the permanent improvement capital projects fund.

**7. INCOME TAX**

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$384,347 is credited to the General Fund.

**8. RECEIVABLES**

Receivables at June 30, 2001, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**8. RECEIVABLES (Continued)**

<b>Intergovernmental Receivables</b>	<b>Amounts</b>
Special Revenue Funds:	
Eisenhower Grant	\$731
Title VI-B Grant	9,468
Title I Grant	2,954
Drug Free Grant	1,413
Title VI-B Early Childhood Grant	782
Title VI-R Grant	2,072
Total Special Revenue Funds	17,420
Capital Projects Funds:	
Classroom Facilities Loan	3,375,132
Total Receivable	\$3,392,552

During fiscal year 2000, the school district was awarded \$10,250,052 for the construction of a new school building and improvements to existing buildings under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Historically, the School District repaid the State. If the School District's adjusted valuation per pupil was less than the state-side median adjusted valuation per pupil, in lieu of repayment, the School District set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District was required to submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expired. Legislation effective September 15, 2000 eliminated any possibility that money received by the School District under this program will need to be repaid. As of the June 30, 2001, the School District had received \$6,874,920 of the amount awarded under this program. The remaining \$3,375,132 is recorded as a receivable and a deferred revenue on the balance sheet. The School District issued bonds to meet the local share requirement of the grant. See Note 15 for additional information on the bonds.

**9. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$89,812
Less: Accumulated Depreciation	(55,015)
Net Fixed Assets	\$34,797



**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**9. FIXED ASSETS (Continued)**

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<b>Asset Category</b>	<b>Balance at 6/30/00</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/01</b>
Land and Improvements	\$72,425	\$0	\$0	\$72,425
Buildings and Improvements	2,350,979	159,248	0	2,510,227
Furniture, Fixtures and Equipment	1,157,597	114,046	25,062	1,246,581
Vehicles	470,562	9,600	0	480,162
Construction in Progress	230,557	955,365	0	1,185,922
<b>Total General Fixed Assets</b>	<b>\$4,282,120</b>	<b>\$1,238,259</b>	<b>\$25,062</b>	<b>\$5,495,317</b>

**10. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Nationwide Insurance and Phelan Insurance for property and fleet, liability, boiler and machinery, crime, and inland marine insurance.

Coverage provided by Nationwide Insurance and Phelan Insurance is as follows:

Building and Contents-replacement cost (\$500 deductible)	\$12,780,124
Inland Marine Coverage (\$100 deductible)	187,167
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	1,000
Automobile Liability (\$250 deductible)	1,100,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	\$ 1,000,000
Total per year	3,000,000

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

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the in the group plan. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school Districts in the group. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the group. A participant will then either receive money from or be required to contributed to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the group is limited to school districts that can meet the group's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the group.

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$30,770, \$31,434 and \$41,513, respectively; 44.67 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$17,024 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$243,819, \$131,747 and \$105,231, respectively; 83.03 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$41,385 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**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, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining member of the board has elected SERS.

**12. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$115,493 for fiscal year 2001.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$77,198.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Classified employees and administrators earn three days of personal leave per fiscal year. Accumulated, unused personal leave is paid to classified employees and administrators upon termination of employment. Teachers earn personal leave, but it is not paid to them upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for 30 days of accrued, but unused sick leave credit for certified employees, and 32 days for classified employees. Certified employees are paid an additional 10 days if they have taught the last five consecutive years at Ansonia Local School District. They receive an additional 20 days if they taught the last ten years, and they receive an additional 30 days if they have taught the last fifteen years. Classified employees with five years of consecutive service receive an additional fifteen days. Thus, certified staff can receive a maximum of 60 days, while classified staff can receive a maximum of 47 days.

**ANSONIA LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS (Continued)**

**B. Health Insurance**

The School District provides medical/surgical insurance to most employees through Anthem Blue Cross Blue Shield.

**14. CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the School District entered into a capitalized lease for computers. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reported as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$47,645, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. The capital lease was paid off during fiscal year 2001.

**15. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<b>Amount Outstanding 6/30/00</b>	<b>Additions</b>	<b>Deductions</b>	<b>Amount Outstanding 6/30/01</b>
School Facilities Construction and Improvement Notes 2000 4.60%	\$2,563,000	\$0	\$2,563,000	\$0
School Facilities Construction and Improvement Bonds 2000 5.50%	0	2,570,776	145,000	2,425,776
<b>Total Long Term Obligations</b>	<b>2,563,000</b>	<b>2,570,776</b>	<b>2,708,000</b>	<b>2,425,776</b>
<b>Other Long Term Obligations:</b>				
Intergovernmental Payable	35,393	34,636	35,393	34,636
Capital Leases Payable	16,610	0	16,610	0
Compensated Absences	337,736	29,018	0	366,754
<b>Total Other Long Term Obligations</b>	<b>389,739</b>	<b>63,654</b>	<b>52,003</b>	<b>401,390</b>
<b>Total General Long-Term Obligations</b>	<b>\$2,952,739</b>	<b>\$2,634,430</b>	<b>\$2,760,003</b>	<b>\$2,827,166</b>

Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period. The capital lease was paid from the school net capital projects fund.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

**School Facilities Construction and Improvement Notes** - On February 3, 2000, the School District issued notes in the amount of \$2,563,000. The notes were issued in anticipation of School Facilities Construction and Improvement General Obligation Bonds for the purpose of building new school facilities. The notes had a maturity date of August 1, 2000, and were paid off using the School Facilities Construction and Improvement General Obligation Bonds proceeds.

**School Facilities Construction and Improvement General Obligation Bonds** - The School District issued bonds in the amount of \$2,563,000 to pay off the \$2,563,000 Bond Anticipation Notes. Of these bonds, \$2,515,000 are serial bonds, with maturity dates of December 1, 2000 to December 1, 2011 and December 1, 2022. \$48,000 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount on the capital appreciation bonds is \$130,000 for each year. The capital appreciation bonds were accreted \$7,776 in fiscal year 2001.

The School District's overall legal debt margin was \$1,733,172 with an unvoted debt margin of \$47,362 at June 30, 2001.

Principal and interest requirements to retire School Facilities Construction and Improvement Bonds are as follows:

<b>Fiscal year Ending June 30,</b>	<b>Serial Bonds Principal</b>	<b>Interest</b>	<b>Capital Appreciation Bonds Principal</b>	<b>Total</b>
2002	\$75,000	\$123,725	\$0	\$198,725
2003	80,000	120,162	0	200,162
2004	85,000	116,363	0	201,363
2005	90,000	112,325	0	202,325
2006	95,000	108,050	0	203,050
2007-2011	550,000	465,190	0	1,015,190
2012-2016	255,000	697,500	390,000	1,342,500
2017-2021		232,925	0	1,002,925
2022-2023	370,000	30,800	0	400,800
Total	<u>\$2,370,000</u>	<u>\$2,007,040</u>	<u>\$390,000</u>	<u>\$4,767,040</u>

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and a preschool program. The table below reflects the more significant financial data relating to the enterprise funds of the Ansonia Local School District as of and for the fiscal year ended June 30, 2001.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Preschool Program</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$127,026	\$19,767	\$33,037	\$179,830
Depreciation Expense	4,868	0	245	5,113
Operating Loss	(53,691)	(2,530)	(7,428)	(63,649)
Donated Commodities	12,512	0	0	12,512
Federal and State Subsidies	44,247	0	0	44,247
Interest	223	0	0	223
Net Income (Loss)	3,291	(2,530)	(7,428)	(6,667)
Net Working Capital	6,308	14,946	2,132	23,386
Total Assets	53,999	15,917	2,641	72,557
Long-Term Liabilities Payable from Revenue	12,566	0	6,572	19,138
Total Equity (Deficit)	28,376	14,946	(4,277)	39,045
Encumbrances Outstanding at June 30, 2001	463	0	0	463

**17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$22,751 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**Southwestern Ohio Educational Purchasing Council** - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during this one year period.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)**

Payments to SOEPC are made from the general fund. During fiscal year 2001, the School District paid \$2,867 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets will be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the School District paid \$7,263 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pool**

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

**18. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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



**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**18. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$36,921	\$0	\$67,944
Current Year Set-aside Requirement	85,968	85,968	0
Reduction in Requirement Based on Revised Legislation	0	0	(12,446)
Current Year Offsets	0	(2,640,506)	0
Qualifying Disbursements	(91,067)	(38,152)	0
Totals	\$31,822	(\$2,592,690)	\$55,498
Set-aside Balances Carried Forward to Future Fiscal Years	\$31,822	\$0	\$55,498
Set-aside Reserve Balances as of June 30, 2001	\$31,822	\$0	\$55,498

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition set-aside, however, the negative amount cannot be carried forward. The total reserve balance for these set-asides at the end of the fiscal year was \$87,320. The School District has set-aside additional amounts for capital improvements and textbooks and instructional materials in the amounts of \$4,316 and \$3,082, respectively. These are shown on the balance sheet as fund balance designations.

**19. CONTRACTUAL COMMITMENTS**

As of June 30, 2001, the School District had contractual commitments as follows:

<u>Vendor</u>	<u>Project</u>	<u>Contract Remaining Amount</u>
Safespace, Inc.	School Facilities Project	\$30,000
Keen and Cross, Inc.	School Facilities Project	37,500
Kleingers & Associates	School Facilities Project	3,175
Steed Hammond Paul	School Facilities Project	625,000
Wayne Builders Supply	School Facilities Project	89,169
Cowherd, Banner & Carlson	School Facilities Project	25,000

**20. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The implementation of the statements had no effect on opening fund balances.

Fund equity of the enterprise funds was restated for adjustments to fixed assets acquired with contributed capital in the Food Service Fund. Total fund equity was restated (\$9,581) from \$55,293 to \$45,712.

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**21. INTERFUND ACTIVITY**

The athletic special revenue fund and the student activities agency fund had "Due From Other Funds" in the amount of \$300, and \$210, respectively. The principal's special revenue fund had "Due To Other Funds" in the amount of \$510.

**22. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

The School District is not party to legal proceedings.

**23. SUBSEQUENT EVENT**

On December 11, 2002, the Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The School District is currently unable to tell what effect, if any, this decision will have on its future State funding and on its financial operations.



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ansonia Local School District  
Darke County  
600 East Canal Street  
P.O. Box 279  
Ansonia, Ohio 45303-0279

To the Board of Education:

We have audited the financial statements of Ansonia Local School District, Darke County, (the District) as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated January 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10319-001 and 2002-10319-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 24, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 24, 2003.

Ansonia Local School District  
Darke County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 24, 2003

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDING JUNE 30, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Finding Number 2002-10319-001**

**Ohio Rev. Code Section 5705.41(B)** prohibits expenditures unless the funds have been properly appropriated. This prohibits expenditures from exceeding the amounts appropriated at the legal level of control, which is object level within the fund and function for the District. The following were not in compliance at the legal level of control as of June 30, 2001 since expenditures plus year-end encumbrances exceeded the amounts appropriated:

<b>Fund/function/object</b>	<b>2001 Appropriations</b>	<b>2001 Expenditures</b>	<b>Plus Year End Encumbrances</b>	<b>Variance</b>
General				
001-1100-200	\$ 344,798	\$ 346,981	\$ 50	\$ 2,233
001-1300-100	133,555	134,793	0	1,238
001-2100-400	8,374	14,272	0	5,898
001-2200-200	32,775	34,751	0	1,976
001-2700-600	0	3,875	0	3,875
Perm. Improvement				
003-2700-500	27,000	24,027	9,500	6,527
003-2700-600	5,000	8,362	0	3,362
010-5600-400	5,000	2,325	25,000	25,058
Enterprise				
006-3100-500	62,139	64,222	370	2,453
Special Revenue				
300-4500-500	26,744	22,201	8,060	3,517
439-1100-200	3,750	6,105	75	2,430
439-1100-500	3,080	3,818	3,892	4,630
439-2200-200	3,226	5,799	0	2,573
459-1100-500	4,500	227	29,331	25,058
572-1200-200	16,130	17,182	0	1,052
599-1100-100	3,736	5,478	0	1,742

The following were not in compliance at the legal level of control as of June 30, 2002, since expenditures plus year-end encumbrances exceeded the amounts appropriated:

<b>Fund/function/object</b>	<b>2002 Appropriations</b>	<b>2002 Expenditures</b>	<b>Plus Year End Encumbrances</b>	<b>Variance</b>
General				
001-1200-100	\$ 291,170	\$ 294,375	\$ 0	\$ 3,205
001-2100-400	32,932	28,280	7,364	2,712
001-2200-800	115,000	116,012	0	1,012
001-2400-100	368,965	370,701	0	1,736
001-2200-200	44,038	45,802	0	1,764
Perm. Improvement				
003-2700-700	0	3,398	0	3,398

**Finding Number 2002-10319-001  
 (Continued)**

Enterprise				
006-3100-100	72,015	77,794	0	5,779
020-1100-200	5,050	7,956	0	2,906
020-1100-500	1,000	6,280	49	5,329
020-2200-200	6,150	8,332	0	2,182
Special Revenue				
300-4500-800	12,800	17,173	2,326	6,699
439-1100-200	75	1,140	0	1,065

The District Treasurer should monitor the budgetary financial reports throughout the year to comply with the requirement that expenditures do not exceed appropriations at the legal level of control. In instances where it appears appropriations are insufficient to meet projected needs, the Board should pass a resolution to amend appropriations after considering whether sufficient estimated resources exist.

**Finding Number 2002-10319-002**

**Ohio Rev. Code Section 5705.39**, prohibits a political subdivision or taxing authority from making fund appropriations in excess of the estimated revenue available for expenditure as certified by amended certificates from the County budget commission. The following funds were determined to have appropriations significantly in excess of the available resources as certified by the County budget commission as of June 30, 2001:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue			
432 EMIS	\$80,089	\$81,230	\$1,141
459 Ohio Reads	31,190	33,490	2,300
505 Migrant Program	12,671	1,921	6,539
514 Eisenhower	6,813	6,998	185
516 Title VI-B	50,830	58,357	7,527
572 Title I	77,638	77,844	206
573 Title VI	3,231	5,036	1,805
584 Drug Free	4,783	6,802	2,019
588 E-Rate	15,295	16,196	901
590 Reducing Class Size	10,991	13,063	2,072
Capital Projects			
420 Vocational Matching	2,035	3,535	1,500
Enterprise			
020 Preschool Program	44,701	63,985	19,284

**Finding Number 2002-10319-002  
 (Continued)**

The following funds were determined to have appropriations significantly in excess of the available resources as certified by the County budget commission as of June 30, 2002:

<b>Fund</b>	<b>Estimated Revenue</b>	<b>Appropriations</b>	<b>Variance</b>
Special Revenue			
007 Martha Holden Jennings	\$1,369	\$3,000	\$1,631
018 Public School Support	63,962	69,850	5,888
300 Extracurricular Activities	73,024	83,275	10,251
439 Public School Preschool	72,460	146,340	73,880
459 Ohio Reads	17,690	18,121	431
505 Migrant Program	2,031	4,653	2,622
514 Eisenhower	5,003	8,229	3,226
572 Title VI-B	56,670	64,564	7,894
573 Title VI	8,225	9,220	995
584 Drug Free	4,922	7,656	2,734
590 Reducing Class Size	14,417	15,487	1,071
Capital Projects			
010 Classroom Facilities	11,973,898	14,732,880	2,758,982
420 Vocational Matching	990	1,500	510
Enterprise			
020 Preschool Program	60,433	61,526	1,093

The District should develop policies and procedures to prevent appropriations from exceeding the amounts certified as available.







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Betty Montgomery**

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**ANSONIA LOCAL SCHOOL DISTRICT**

**DARKE 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 4, 2003**