

CLOVERLEAF LOCAL SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2007



Mary Taylor, CPA
Auditor of State

Board of Education
Cloverleaf Local School District
8525 Friendsville Road
Lodi, Ohio 44254

We have reviewed the *Independent Auditor's Report* of the Cloverleaf Local School District, Medina County, prepared by Rea & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 5, 2007

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Cloverleaf Local School District
For the Year Ended June 30, 2007
Table of Contents

	<i>Page</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances To Net Assets Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	22
Statement of Fiduciary Assets & Liabilities – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	24
Notes to the Basic Financial Statements	25
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	46
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	48
Schedule of Federal Awards Expenditures	50
Schedule of Findings and Questioned Costs.....	51



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

November 26, 2007

The Board of Education
Cloverleaf Local School District
8525 Friendsville Rd.
Lodi, Ohio 44254

INDEPENDENT AUDITOR'S REPORT

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year 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 November 26, 2007 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hea & Associates, Inc.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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

Financial Highlights

Key financial highlights for 2007 are as follows:

- Net assets of governmental activities increased \$861,853 representing a 14% increase from fiscal year 2006.
- General revenues accounted for \$25,867,646 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$3,483,579 or 12% of total revenues of \$29,351,225.
- Capital assets, net of depreciation, increased \$230,151 over the prior fiscal year. The primary cause of the increase was due to the addition of the five new classrooms and new school buses, which exceeded the current year depreciation.
- The School District had \$28,489,372 expenses related to governmental activities; only \$3,483,579 of these expenses was offset by program specific charges for services, and operating grants, contributions and interest. General revenues of \$25,867,646 contributed to support these programs.
- The general fund's fund balance increased \$654,746, representing a 73% increase from fiscal year 2006.

Using this Annual Report

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Cloverleaf Local School District, the general fund and the permanent improvement fund are both by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the School District's activities are considered to be all governmental activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations. The government-wide financial statements begin on page 16.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the general fund and permanent improvement fund.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 18.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund financial statements begin on page 23.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

(Table 1)
Net Assets

	<i>Governmental Activities</i>	
	<i>2007</i>	<i>2006</i>
Assets		
<i>Current and Other Assets</i>	\$ 16,340,885	\$ 17,206,130
<i>Capital Assets</i>	7,549,467	7,319,316
<i>Total Assets</i>	23,890,352	24,525,446
Liabilities		
<i>Current Liabilities</i>	14,748,598	16,410,461
<i>Long-term Liabilities</i>	2,118,362	1,953,446
<i>Total Liabilities</i>	16,866,960	18,363,907
Net Assets		
<i>Invested in Capital</i>	7,549,467	7,130,282
<i>Assets Net of Debt</i>		
<i>Restricted</i>	1,200,838	1,223,250
<i>Unrestricted (Deficit)</i>	(1,726,913)	(2,191,993)
<i>Total Net Assets</i>	\$ 7,023,392	\$ 6,161,539

The overall increase in net assets of \$861,853, or 14%, was primarily the result of an emergency tax levy that took effect during the previous fiscal year.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land and improvements, buildings, furniture and equipment, vehicles, and books, which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$1,200,838 represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$970,840 is restricted for capital projects and \$229,998 is restricted for other purposes. Restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extracurricular programs, and for resources restricted for the operation of the School District's recreation center.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

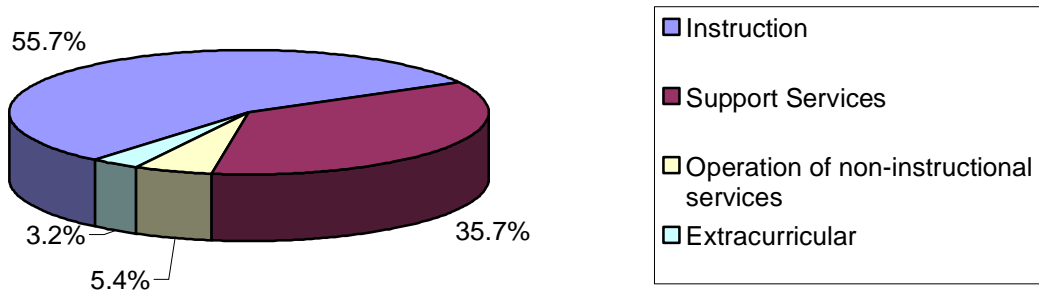
Table 2 shows a comparison of changes in net assets between fiscal year 2007 compared to 2006.

(Table 2)
Changes in Net Assets

	<i>Governmental Activities</i>	
	<u>2007</u>	<u>2006</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,820,697	\$ 1,759,399
Operating Grants, contributions and interest	1,607,661	1,598,910
Capital Grants and Contributions	55,221	19,192
<i>General Revenue:</i>		
Property Taxes	13,465,781	12,932,686
Income Taxes	105,331	0
Grants and Entitlements	12,020,205	11,636,485
Investment Earnings	219,079	108,737
Miscellaneous	57,250	83,263
Total Revenues	<u>29,351,225</u>	<u>28,138,672</u>
Program Expenses:		
<i>Instruction:</i>		
Regular	12,503,012	12,305,155
Special	2,147,086	2,076,021
Vocational	59,472	14,495
Other	1,154,774	1,057,644
<i>Support Services:</i>		
Pupil	1,494,278	1,430,530
Instructional Staff	1,425,271	1,230,810
Board of education	29,628	25,853
Administration	1,837,488	1,915,279
Fiscal	612,882	504,751
Business	391,113	394,173
Operation and maintenance of plant	2,049,576	2,213,018
Pupil Transportation	2,252,471	2,016,755
Central	94,901	90,024
<i>Operation of Non-Instructional:</i>		
Food service operations	894,812	934,264
Community Services	639,045	673,743
Recreation center operators		
Extracurricular Activities	903,129	129,536
Interest and Fiscal Charges	434	1,756
Total Expenses	<u>28,489,372</u>	<u>27,013,807</u>
Change in net assets	<u>\$ 861,853</u>	<u>\$ 1,124,865</u>

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Governmental Program Expenses



Governmental Activities

Cloverleaf Local School District depends on both property and income taxes and State funding.

Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$13.4 million in 2007. General revenues from grants and entitlements, such as the school foundation program, generated over \$12.0 million. Due to the combination of taxes and intergovernmental funding representing over 88% of all revenues, the School District monitors both of these sources very closely for fluctuations.

A review of Table 2 reflects the total cost of instructional services was \$15,864,344, or 55.7% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. Expenses to provide these programs reported an increase of \$411,029, or 2.6% as compared to fiscal year 2006.

Pupil services and instructional support include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$2,919,549 or 10% of the total governmental program expenses. Costs to provide these programs increased \$258,209, or 9.7% as compared to fiscal year 2006. The primary cause of this increase was in staff and resources to help support students.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$2,871,111, or about 10% of governmental program expenses. Costs of these programs had an increase of \$31,055, or 1.1% as compared to fiscal year 2006. The primary cause of the increase was a result of increases in salaries, benefits and wages.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,049,576, or nearly 7.2% of the governmental program expenses. Costs associated with operation and maintenance reported a decrease of \$163,442, or a 7.4% as compared to fiscal year 2006.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$2,252,471, or nearly 8% of the total governmental program expenses. Expenses to provide these program increased \$235,716, or nearly 11.7% as compared to fiscal year 2006. This increase was from the acquisition of several buses and increasing fuel costs.

Overall, the School District's net assets increased by \$861,853 during the fiscal year. The current year increase was primarily due to the passage of a 6 mill emergency tax levy of the citizens of the School District in the previous fiscal year.

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

Table 3 also shows a comparison of for governmental activities, the total cost of services and the net cost of services between 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue, unrestricted State entitlements and other general revenues.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

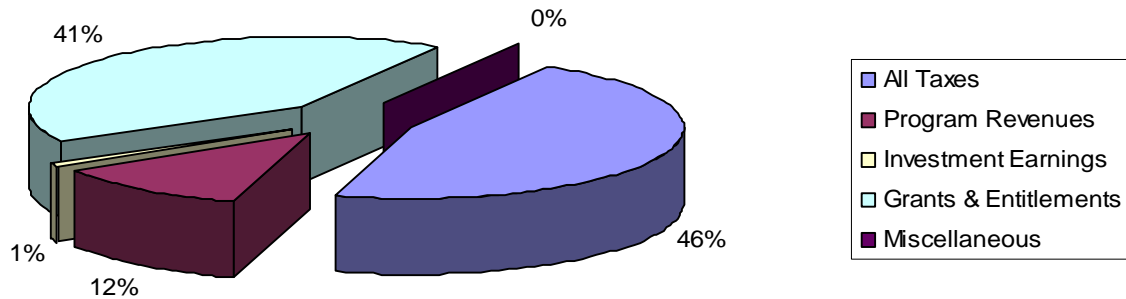
(Table 3)
Governmental Activities

	<i>Total Cost of Services 2007</i>	<i>Total Cost of Services 2006</i>	<i>Net Cost of Services 2007</i>	<i>Net Cost of Services 2006</i>
<i>Program Expenses:</i>				
<i>Instruction:</i>				
<i>Regular</i>	\$ 12,503,012	\$ 12,305,155	\$ (12,023,357)	\$ (11,888,939)
<i>Special</i>	2,147,086	2,076,021	(1,475,928)	(1,458,146)
<i>Vocational</i>	59,472	14,495	(57,872)	(8,495)
<i>Other</i>	1,154,774	1,057,644	(991,969)	(1,057,644)
<i>Support Services:</i>				
<i>Pupil</i>	1,494,278	1,430,530	(1,220,214)	(1,058,247)
<i>Instructional staff</i>	1,425,271	1,230,810	(1,305,737)	(1,007,579)
<i>Board of Education</i>	29,628	25,853	(29,628)	(25,853)
<i>Administration</i>	1,837,488	1,915,279	(1,837,238)	(1,915,279)
<i>Fiscal</i>	612,882	504,751	(612,882)	(504,751)
<i>Buisness</i>	391,113	394,173	(389,672)	(394,173)
<i>Operation and maintence of plant</i>	2,049,576	2,213,018	(2,049,576)	(2,211,045)
<i>Pupil transportation</i>	2,252,471	2,016,755	(2,220,046)	(1,997,563)
<i>Central</i>	94,901	90,024	(69,328)	(64,404)
<i>Operation of Non-Instructional:</i>				
<i>Food Service Operations</i>	894,812	934,264	(30,318)	(18,394)
<i>Uniform School Supplies</i>	0	0	0	3,034
<i>Community services</i>	639,045	673,743	(183,047)	(155,577)
<i>Extracurricular Activities</i>	903,129	677,786	(508,547) (1)	128,505
<i>Interest and Fiscal Charges</i>	434	1,756	(434)	(1,756)
<i>Total Expenses</i>	<u>\$ 28,489,372</u>	<u>\$ 27,562,057</u>	<u>\$ (25,005,793)</u>	<u>\$ (23,636,306)</u>

(1) The decrease of \$508,547 in the net cost of services for Extracurricular Activities was due to a capital contribution for an athletic facility.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Governmental Revenues



Program revenues include charges for services, grants, contributions and interest that are program specific. These revenues only accounted for about 12% of the total revenues of the School District. Based on this, it is evident of the need of resources provided by the State and property tax payers to fund the program services in which the School District provides. Property and income taxes made up over 46% of total revenues for governmental activities for the Cloverleaf Local Schools in fiscal year 2007. Program Revenues for governmental activities provided over 12% of governmental revenues with about 88% of all governmental activities supported through property and income taxes, grants and entitlement, and other general revenues. About 41% of revenues were provided by the grants and entitlements portion of general revenues, which includes monies received from the Ohio Department of Education, State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by HB 920.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$29,215,807 and total expenditures were \$28,554,607. For the general fund, the fund balance reported a significant increase of \$654,746. This increase is attributed to the passage of a 6 mill emergency tax levy of the citizens of the School District in the previous fiscal year.

General Fund Budgeting Highlights

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

During fiscal year 2007, the School District amended its general fund budget numerous times, however none were significant. Budget revisions become necessary as expenditure priorities change according to student, building and operational needs. These revisions are requested by the Superintendent and are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$25,103,845, representing no increase or decrease from the original budget estimate of the same amount.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

The actual budget basis revenue and financing sources were \$24,943,559 representing a variance of \$160,286, from the final budget of \$25,103,845. There were no individually significant items which caused the minimal increase in the budget.

Also for the general fund, the original expenditures and other financing uses estimate of \$25,265,564 was revised slightly over the fiscal year. Actual expenditures and financing uses were \$688,535 lower than the final budget. The School District was able to reduce expenditures across the board in order to conserve resources in anticipation of future budget deficits.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$7,380,766 invested in capital assets such as land and improvements, building, equipment and vehicles. Table 4 shows fiscal year 2007 balances compared with 2006.

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	<i>Governmental Activities</i>	
	2007	2006
<i>Construction in Progress</i>	\$ 0	\$ 189,034
<i>Land</i>	443,900	333,900
<i>Land and Improvements</i>	212,881	238,405
<i>Buildings</i>	5,814,313	5,533,213
<i>Furniture and Equipment</i>	354,612	371,607
<i>Vehicles</i>	718,874	638,496
<i>Books</i>	4,887	14,661
 <i>Total capital assets</i>	 \$ 7,549,467	 \$ 7,319,316

The primary increase occurred due to the construction of the 5 classrooms. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Debt

At June 30, 2007, the School District had no outstanding long-term debt obligations. Table 5 summarizes the outstanding amounts:

(Table 5)

Outstanding Debt, at Fiscal Year End

	<i>Governmental Activities</i>	
	<i>2007</i>	<i>2006</i>
<i>Waterline Tie-In</i>	\$ 0	\$ 16,872
<i>Total outstanding debt</i>	\$ 0	\$ 16,872

In fiscal year 1997, the School District entered into an agreement with the Medina County Sanitary Engineering Department to amortize \$172,279 worth of water tap-in and other fees over a ten-year period. Monthly general fund expenditures continued until March 2007, when this obligation did mature and was paid in full.

Current Issues Affecting Financial

December 31, Effective 2003, the Ohio Department of Education's Superintendent of Public Instruction declared the School District to be in a state of Fiscal Caution. A financial recovery plan was submitted that relied upon the passage of an emergency levy to avoid a deficit in fiscal year 2005. Further cuts would not allow the School District to provide an adequate education to the children of the School District. Auditor of State, Betty Montgomery declared the Cloverleaf Local School District to be in Fiscal Watch on March 30, 2004.

To reduce costs, the School District closed its Chatham and Lafayette Elementary buildings and made the remaining three elementary schools into grade level buildings. This allowed the School District to reduce staff significantly, primarily through attrition. After eight unsuccessful attempts, the School District passed a \$2,813,100 Emergency Levy on August 2, 2005. The Emergency levy is a three-year levy for tax years 2006 through 2008. The last collection on this levy will be half-year collection in fiscal year 2009. The School District placed on the November 2007 ballot a renewal of this levy for a five-year period which failed.

The School District did not renew a 5.9 mill current expense levy, which expired at the end of the 2006 tax year. The Board of Education decided to let the 5.9 mill levy expire in order to reach the 20-mill floor. This will allow the School District to receive the full 20 mills instead of only the inside millage from all new construction. An income tax levy of .5% was passed in the fall of 2006 and will only be

Cloverleaf Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

collected on earned income. The financial condition of the School District is contingent upon the renewal of the Emergency Levy and upon the phase-in of the collections from the income tax levy.

At the end of the 2006-2007 school year, a three-year agreement with the certified employees of the School District was ratified. The certified staff will receive a 3.5% increase for each year of the three-year contract. A three-year agreement with the non-certified employees was approved July 5, 2005. These employees received a 3% increase for the 2006-2007 school year and will receive a 3% increase for the 2007-2008 school year.

On December 11, 2004, 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 plan 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 its financial operations.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. In conclusion, the School District's system of budgeting and internal contract is well regarded.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions or need additional financial information, contact Mary Workman, Treasurer/Chief Fiscal Officer of the Cloverleaf Local School District, 8525 Friendsville Road, Lodi, Ohio 44254 or by phone (300) 721-3506 or email mworkman@cls.k12.oh.us.

Basic Financial Statements

Cloverleaf Local School District

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,602,135
Receivables:	
Taxes	13,493,148
Accounts	2,485
Intergovernmental	98,151
Prepaid Items	16,513
Inventory Held for Resale	19,349
Materials and Supplies Inventory	109,104
Capital Assets:	
Land	443,900
Depreciable Capital Assets, Net	7,105,567
Total Capital Assets	<u>7,549,467</u>
Total Assets	<u>23,890,352</u>
Liabilities:	
Accounts Payable	30,936
Accrued Wages and Benefits	2,579,329
Severance Payable	46,477
Intergovernmental Payable	707,332
Deferred Revenue	11,384,402
Matured Interest Payable	122
Long -Term Liabilities:	
Due Within One Year	191,319
Due In More Than One Year	1,927,043
Total Liabilities	<u>16,866,960</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	7,549,467
Restricted for:	
Capital Projects	970,840
Other Purposes	229,998
Unrestricted	<u>(1,726,913)</u>
Total Net Assets	<u>\$ 7,023,392</u>

Cloverleaf Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 12,503,012	\$ 448,295	\$ 8,564	\$ 22,796	\$ (12,023,357)
Special	2,147,086	11,922	659,236	0	(1,475,928)
Vocational	59,472	0	1,600	0	(57,872)
Other	1,154,774	0	162,805	0	(991,969)
Support Services:					
Pupils	1,494,278	0	274,064	0	(1,220,214)
Instructional Staff	1,425,271	0	119,534	0	(1,305,737)
Board of Education	29,628	0	0	0	(29,628)
Administration	1,837,488	0	250	0	(1,837,238)
Fiscal	612,882	0	0	0	(612,882)
Business	391,113	1,441	0	0	(389,672)
Operation and Maintenance of Plant	2,049,576	0	0	0	(2,049,576)
Pupil Transportation	2,252,471	0	0	32,425	(2,220,046)
Central	94,901	0	25,573	0	(69,328)
Operation of Non-Instructional Services:					
Food Services Operations	894,812	585,875	278,619	0	(30,318)
Community Services	639,045	416,906	39,092	0	(183,047)
Extracurricular Activities	903,129	356,258	38,324	0	(508,547)
Interest and Fiscal Charges	434	0	0	0	(434)
Total Governmental Activities	\$ 28,489,372	\$ 1,820,697	\$ 1,607,661	\$ 55,221	(25,005,793)

General Revenues

Property Taxes Levied for:	
General Purposes	12,527,051
Capital Outlay	872,650
Other Purposes	66,080
Income Taxes	105,331
Grants and Entitlements not Restricted to Specific Programs	12,020,205
Investment Earnings	219,079
Miscellaneous	57,250
<i>Total General Revenues</i>	<u>25,867,646</u>
<i>Change in Net Assets</i>	861,853
<i>Net Assets Beginning of Year</i>	<u>6,161,539</u>
<i>Net Assets End of Year</i>	<u>\$ 7,023,392</u>

Cloverleaf Local School District

Balance Sheet

Governmental Funds

June 30, 2007

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,345,168	\$ 842,332	\$ 414,635	\$ 2,602,135
Receivables:				
Taxes	12,588,764	904,384	0	13,493,148
Accounts	2,485	0	0	2,485
Intergovernmental	0	0	98,151	98,151
Interfund	77,432	0	0	77,432
Inventory Held for Resale	0	0	19,349	19,349
Materials and Supplies Inventory	109,104	0	0	109,104
Prepaid Items	16,513	0	0	16,513
Total Assets	<u>\$ 14,139,466</u>	<u>\$ 1,746,716</u>	<u>\$ 532,135</u>	<u>\$ 16,418,317</u>
Liabilities:				
Accounts Payable	\$ 11,454	\$ 15,580	\$ 3,902	\$ 30,936
Accrued Wages and Benefits	2,507,324	0	72,005	2,579,329
Interfund Payable	0	0	77,432	77,432
Intergovernmental Payable	643,437	0	63,895	707,332
Severance Payable	46,477	0	0	46,477
Matured Interest Payable	0	0	122	122
Deferred Revenue	11,177,320	798,406	0	11,975,726
Total Liabilities	<u>14,386,012</u>	<u>813,986</u>	<u>217,356</u>	<u>15,417,354</u>
Fund Balances:				
Reserved for Encumbrances	147,887	550,086	40,364	738,337
Reserved for Property Taxes	1,411,444	105,978	0	1,517,422
Unreserved, Undesignated, reported in:				
General Fund	(1,805,877)	0	0	(1,805,877)
Special Revenue Funds	0	0	274,415	274,415
Capital Projects Funds	0	276,666	0	276,666
Total Fund Balances	<u>(246,546)</u>	<u>932,730</u>	<u>314,779</u>	<u>1,000,963</u>
Total Liabilities and Fund Balances	<u>\$ 14,139,466</u>	<u>\$ 1,746,716</u>	<u>\$ 532,135</u>	<u>\$ 16,418,317</u>

Cloverleaf Local School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2007

Total Governmental Fund Balances

<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		\$	1,000,963
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			7,549,467
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:			
Property Taxes	\$	591,324	
Total			591,324
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Compensated Absences	\$	(2,118,362)	
Total			(2,118,362)
Net Assets of Governmental Activities		\$	<u><u>7,023,392</u></u>

Cloverleaf Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	\$ 12,413,842	\$ 861,551	\$ 66,080	\$ 13,341,473
Income Taxes	105,331	0	0	105,331
Intergovernmental	11,933,291	119,338	1,492,277	13,544,906
Interest	219,079	0	476	219,555
Tuition and Fees	457,567	0	22,909	480,476
Extracurricular Activities	14,960	0	320,171	335,131
Gifts and Donations	119	0	84,165	84,284
Charges for Services	859	0	910,463	911,322
Rent	1,441	0	64,040	65,481
Miscellaneous	45,162	0	82,686	127,848
Total Revenues	25,191,651	980,889	3,043,267	29,215,807
Expenditures:				
Current:				
Instruction:				
Regular	12,152,816	65,305	60,106	12,278,227
Special	1,537,936	0	595,794	2,133,730
Vocational	52,470	0	1,600	54,070
Other	1,017,597	0	137,177	1,154,774
Support Services:				
Pupils	1,174,118	29,962	270,138	1,474,218
Instructional Staff	1,237,823	0	168,125	1,405,948
Board of Education	29,628	0	0	29,628
Administration	1,808,775	0	19,075	1,827,850
Fiscal	563,877	30,310	0	594,187
Business	389,582	0	0	389,582
Operation and Maintenance of Plant	2,114,452	102,171	10,572	2,227,195
Pupil Transportation	1,870,548	207,880	0	2,078,428
Central	68,504	0	25,573	94,077
Operation of Non-Instructional Services:				
Food Service Operations	80	0	885,931	886,011
Community Service	83,150	0	489,601	572,751
Extracurricular Activities	60,759	0	823,038	883,797
Capital Outlay	0	452,828	0	452,828
Debt Service:				
Principal Retirement	16,872	0	0	16,872
Interest and Fiscal Charges	434	0	0	434
Total Expenditures	24,179,421	888,456	3,486,730	28,554,607
Excess of Revenues Over (Under) Expenditures	1,012,230	92,433	(443,463)	661,200
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	11,110	0	0	11,110
Transfers In	0	0	368,594	368,594
Transfers Out	(368,594)	0	0	(368,594)
Total Other Financing Sources and (Uses)	(357,484)	0	368,594	11,110
Net Change in Fund Balance	654,746	92,433	(74,869)	672,310
Fund Balance (Deficit) at Beginning of Year	(901,292)	840,297	389,648	328,653
Fund Balance (Deficit) at End of Year	\$ (246,546)	\$ 932,730	\$ 314,779	\$ 1,000,963

Cloverleaf Local School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2007**

Net Change in Fund Balances - Total Governmental Funds	\$	672,310
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Asset Additions (Net of Transfers)	\$	677,074
Depreciation Expense		<u>(446,854)</u>
Excess of additions over capital asset depreciation		230,220
Net effect of transactions involving disposal of capital assets are not reflected in the funds.		(69)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property Taxes		<u>124,308</u>
		124,308
Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		16,872
Some items reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(181,788)</u>
Change in Net Assets of Governmental Activities	\$	<u>861,853</u>

Cloverleaf Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 11,981,334	\$ 12,125,061	\$ 12,044,625	\$ (80,436)
Income Taxes	0	106,000	105,331	(669)
Intergovernmental	12,434,667	11,940,335	11,933,291	(7,044)
Interest	180,000	300,000	219,079	(80,921)
Tuition and Fees	395,000	449,730	457,567	7,837
Extracurricular Activities	14,000	15,000	14,960	(40)
Gifts and Donations	0	120	119	(1)
Charges for Services	1,500	900	859	(41)
Rent	900	1,400	1,441	41
Miscellaneous	12,500	30,750	31,742	992
Total Revenues	<u>25,019,901</u>	<u>24,969,296</u>	<u>24,809,014</u>	<u>(160,282)</u>
Expenditures:				
Current:				
Instruction:				
Regular	12,348,150	12,308,514	12,236,906	71,608
Special	1,757,926	1,559,059	1,519,809	39,250
Vocational	0	52,500	52,500	0
Other	949,529	1,056,294	1,041,657	14,637
Support Services:				
Pupils	1,189,083	1,219,030	1,153,751	65,279
Instructional Staff	1,222,608	1,302,842	1,204,012	98,830
Board of Education	28,450	32,410	29,749	2,661
Administration	1,869,819	1,925,304	1,810,101	115,203
Fiscal	607,790	588,832	560,631	28,201
Business	418,893	411,201	403,530	7,671
Operation and Maintenance of Plant	2,240,461	2,328,626	2,244,358	84,268
Pupil Transportation	1,964,085	2,052,766	1,944,622	108,144
Central	77,250	81,858	68,488	13,370
Operation of Non-Instructional Services	66,310	95,809	92,021	3,788
Extracurricular Activities	97,100	85,972	55,937	30,035
Total Expenditures	<u>24,837,454</u>	<u>25,101,017</u>	<u>24,418,072</u>	<u>682,945</u>
Excess of Revenues Over (Under) Expenditures	182,447	(131,721)	390,942	522,663
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	11,110	11,110	11,110	0
Refund of Prior Year Expenditures	10,000	14,005	14,001	(4)
Advances In	0	46,600	46,600	0
Advances Out	0	(83,000)	(77,432)	5,568
Transfers In	62,834	62,834	0	(62,834)
Transfers Out	(428,110)	(431,450)	(368,594)	62,856
Total Other Financing Sources (Uses)	<u>(344,166)</u>	<u>(379,901)</u>	<u>(374,315)</u>	<u>5,586</u>
Net Change in Fund Balance	(161,719)	(511,622)	16,627	528,249
Fund Balance (Deficit) at Beginning of Year	942,973	942,973	942,973	0
Prior Year Encumbrances Appropriated	226,219	226,219	226,219	0
Fund Balance (Deficit) at End of Year	<u>\$ 1,007,473</u>	<u>\$ 657,570</u>	<u>\$ 1,185,819</u>	<u>\$ 528,249</u>

Cloverleaf Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trusts	Agency
	<u> </u>	<u> </u>
Assets:		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$ 4,540	\$ 61,731
	<u> </u>	<u> </u>
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	58	0
Undistributed Monies	0	4,982
Due to Students	0	56,749
Total Liabilities	<u>58</u>	<u>61,731</u>
Net Assets:		
Held in Trust for Scholarships	3,074	
Held in Trust for Alumni	1,408	
Total Net Assets	<u>\$ 4,482</u>	

Cloverleaf Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year ended June 30, 2007

	<u>Private Purpose Trusts</u>
Additions	
Gift and Donations	\$ 15,095
Miscellaneous	1,810
Total Additions	<u>16,905</u>
Deductions	
Payments in accordance with Trust Agreements	<u>17,542</u>
Change in Net Assets	(637)
Net Assets Beginning of Year	<u>5,119</u>
Net Assets End of Year	<u><u>\$ 4,482</u></u>

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1 - Description of the School District

The Cloverleaf Local School District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of, June 30, 2007 was 3,377. The School District employs 215 certificated and 165 non-certificated employees.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Cloverleaf 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 organizations' 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 organizations' 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 their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The following entities, which perform activities within the School District's 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.

Lake Erie Educational Computer Association - The School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The School District's participation is disclosed in Note 15 to the financial statements.

Ohio Schools Council of Governments - The Ohio Schools Council promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The School District's participation is disclosed in Note 15 to the financial statements.

Medina County Joint Vocational School District - The Medina County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. This is a jointly governed organization. The School District's participation is disclosed in Note 15 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local 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 will apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to any governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity, within governmental type activities columns has been removed from these statements.

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

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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-

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds:

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The general fund and the permanent improvement fund are the only major funds of the School District.

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.

Permanent Improvement Fund – The permanent improvement fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

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

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust funds are private purpose trusts, which account for scholarship and alumni programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund reports resources that belong to the student bodies of the various schools.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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 fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property and income taxes, grants, entitlements, and donations. Revenue from property and income taxes is recognized in the fiscal year for which the taxes are levied. 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 nonexchange 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, grants, investment earnings, tuition, and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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.

E. Budgetary Data

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. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

At the close of each 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.

F. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account 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 on the statement of net assets in the account, "Equity in pooled cash and cash equivalents". During the current fiscal year investments were limited to overnight repurchase agreements. All investments of the School District had maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market price. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as listed in Note 4.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

G. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

On the government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventories of the general fund, and food service and uniform school supplies special revenue funds are stated at cost, which is determined on a first-in, first-out basis. Inventory in the general fund consist of expendable supplies held for consumption. Inventories of the food service fund consist of donated food, purchased food, and supplies held for resale. Inventories of the uniform school supplies fund consist of supplies held for resale. Inventories are recorded as expenditures when purchased on the fund financial statements.

I. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net asset but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars and greater than five years useful life. The School District does not possess 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. It is the policy of the School District to not capitalize interest costs incurred as part of construction.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
<i>Land Improvements</i>	<i>5-20 years</i>
<i>Buildings</i>	<i>30-50 years</i>
<i>Furniture and Equipment</i>	<i>5 - 20 Years</i>
<i>Vehicles</i>	<i>5-20 years</i>
<i>Books</i>	<i>5-15 years</i>

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

K. 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.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "severance payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the spent outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes primarily include restricted federal and state grants.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

N. Fund Balance Reserves

The School District reserves those portions of fund balance 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 the fund balance that is available for appropriation in future periods. Fund balance reserve has been established for encumbrances and property taxes.

O. Interfund transactions

Interfund transfers are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statements of net assets.

P. Estimates

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

Note 3 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund 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 and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the General Fund.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance

	<i>General</i>
<i>GAAP Basis</i>	\$ 654,746
<i>Revenue accruals</i>	(259,202)
<i>Expenditure accruals</i>	(219,576)
<i>Encumbrances (Budget Basis)</i>	
<i>outstanding at year end</i>	(159,341)
<i>Budget Basis</i>	\$ 16,627

Note 4 - Deposits and Investments

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

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

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

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

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 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 securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

A. Cash on Hand

At year end, the School District had \$3,050 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of uninsured public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, the carrying amount of the School District's deposits was \$925,356. The School District's bank balance of \$1,049,113 was exposed to custodial credit risk as follows:

1. \$200,000 of the bank balance was covered by depository insurance; and

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

2. \$849,113 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

C. Investments

As of June 30, 2007 the School District had the following investments and maturities:

<i>Investment type</i>	<i>Fair Value</i>	<i>Maturities</i>	<i>Rating</i>
<i>Repurchase agreements</i>	\$ 1,740,000	\$ 1,740,000	<i>N/A (1)</i>

(1) Underlying securities are exempt.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$219,079, which includes \$113,209 assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$1,740,000 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy refers and adheres to Ohio Revised Code Section 135 on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Note 5 - Property Taxes and Income Taxes

A. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

to be revalued every six years. The last revaluation was completed in 2001 for the following tax year. Public utility property taxes are assessed on tangible personal property at 85% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value of inventory.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or 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 semi-annually. 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 Medina 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 year-end are available to finance current fiscal year 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, personal property and public utility taxes which became measurable as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$1,411,444 in the general fund, and \$105,978 in the permanent improvement capital projects fund. These advances are recognized as revenue on the fund financial statements.

In August 2005, the voters of the School District approved a 6 mill emergency operating levy with collections beginning in January 2006. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2006 Assessed Value</u>	<u>2005 Assessed Value</u>
<u>Real Property</u>		
<i>Residential and Agricultural</i>	\$ 383,090,610	\$ 376,058,010
<i>Commercial and Industrial</i>	53,969,050	64,190,670
<i>Public Utilities</i>	235,560	359,580
<i>Mineral</i>	417,990	362,210
<u>Tangible Personal Property</u>		
<i>General</i>	9,342,286	15,946,009
<i>Public Utilities</i>	11,270,530	12,867,530
<i>Total Valuation</i>	<u>\$ 458,326,026</u>	<u>\$ 469,784,009</u>

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

B. Income Taxes

During fiscal year 2007, the School District passed a .5% income tax levy to be collected on earned income. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the general fund.

NOTE 6 – RECEIVABLES

Receivables at year-end consisted of taxes, accounts, intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Intergovernmental receivables as of June 30, 2007 consisted of \$36,360 and \$61,791 in federal subsidies and grants, respectively.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2007 consisted of \$77,432. During the year, the general fund advanced funds to several nonmajor governmental funds. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund loans outstanding are anticipated to be repaid in fiscal year 2008.

During the fiscal year, the general fund transferred \$368,594 in funds to the district managed student activities nonmajor special revenue fund. This transfer was needed to support sport activity programs of the School District.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007 was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/07</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 189,034	\$ 0	\$ (189,034)	\$ 0
Land	333,900	110,000	0	443,900
<i>Total Capital Assets, not being depreciated</i>	<u>522,934</u>	<u>110,000</u>	<u>(189,034)</u>	<u>443,900</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,160,023	0	0	1,160,023
Buildings	12,232,746	486,175	0	12,718,921
Furniture and Equipment	814,309	32,053	0	846,362
Vehicles	2,031,711	237,880	(381,794)	1,887,797
Books	729,952	0	0	729,952
<i>Total Capital Assets, being depreciated</i>	<u>16,968,741</u>	<u>756,108</u>	<u>(381,794)</u>	<u>17,343,055</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(921,618)	(25,524)	0	(947,142)
Buildings	(6,699,533)	(205,075)	0	(6,904,608)
Furniture and Equipment	(442,702)	(49,049)	0	(491,751)
Vehicles	(1,393,215)	(157,432)	381,725	(1,168,922)
Books	(715,291)	(9,774)	0	(725,065)
<i>Total Accumulated Depreciation</i>	<u>(10,172,359)</u>	<u>(446,854)</u>	<u>381,725</u>	<u>(10,237,488)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>6,796,382</u>	<u>309,254</u>	<u>(69)</u>	<u>7,105,567</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 7,319,316</u>	<u>\$ 419,254</u>	<u>\$ (189,103)</u>	<u>\$ 7,549,467</u>

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 155,427
<i>Vocational</i>	5,402
<i>Support Services:</i>	
<i>Instructional Staff</i>	11,118
<i>Administration</i>	4,362
<i>Operation and Maintenance of Plant</i>	33,212
<i>Pupil Transportation</i>	155,335
<i>Central</i>	644
<i>Operation of Non-Instructional Services:</i>	
<i>Food service operations</i>	6,327
<i>Community services</i>	57,399
<i>Extracurricular Activities</i>	17,628
<i>Total Depreciation expense</i>	<u>\$ 446,854</u>

Note 9 - Risk Management

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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District has contracted with Stark County Schools Insurance Consortium (SCSIC) to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The SCSIC is a shared risk pool comprised of fourteen school districts that provide public education within Stark County. The districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$250,000 per participant and an aggregate stop-loss provision of \$107,330,408.

Premium contributions are determined annually based on the claims experience of the individual district. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating school districts' claims would be paid without regard to their individual account balances. The SCSIC Board of Directors has authority to return monies to an exiting school district subsequent to the settlement of all claims and expenses.

The School District is a member of the OSBA Workers' Compensation Group Rating Program established in April 1991. The program was created by the Ohio School Boards Association as a result of the Worker's Compensation group rating plan as defined in Section 4123.29 of the Ohio Revised Code. The group-rating program allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - 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 from the School Employees Retirement System, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 10.58% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$418,746, \$304,941, and \$386,282, respectively; 41% has been contributed for fiscal year 2007, 26% and 100% for fiscal years 2006 and 2005, respectively. The unpaid contribution for fiscal year 2007, in the amount of \$247,917 is recorded as an intergovernmental payable.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members are required to contribute 10% of their annual covered salaries. The School District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006 and 2005 were \$1,649,951, \$1,532,225 and \$1,576,454, respectively; 80% has been contributed for the fiscal year 2007, and 100% for fiscal years 2006 and 2005. The unpaid contribution for fiscal year 2007, in the amount of \$333,601, is recorded as an intergovernmental payable. Contributions to the DC and Combined Plans for fiscal year 2007 were \$5,659 made by the School District and \$23,867 made by the plan members.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

NOTE 11 - 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 funded on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The STRS Board currently allocates employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund from which payments for health care benefits are paid. For the School District, this amount equaled \$126,919 for the fiscal year 2007.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. The health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, (the latest information available) employer contributions to fund health care benefits were 3.42% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2006, (the latest information available) the minimum pay has been established at \$35,800. However, the surcharge is capped at 2% of each employer's SERS salaries. For the 2007 fiscal year, the School District paid \$606,613 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006 (the latest information available), the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs of \$158,751,207. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. SERS has approximately 59,492 participants eligible to receive benefits.

NOTE 12 – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during the fiscal year were as follows:

	<i>Balance at</i> <u>6/30/06</u>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i> <u>6/30/07</u>	<i>Due In One</i> <u>Year</u>
<i>Governmental Activities</i>					
<i>Waterline Tie-in, 6.12%</i>	\$ 16,872	\$ 0	\$ (16,872)	\$ 0	\$ 0
<i>Other liabilities</i>					
<i>Compensated Absences</i>	<u>1,936,574</u>	<u>225,101</u>	<u>(43,313)</u>	<u>2,118,362</u>	<u>191,319</u>
<i>Total other liabilities</i>	<u>1,936,574</u>	<u>225,101</u>	<u>(43,313)</u>	<u>2,118,362</u>	<u>191,319</u>
<i>Governmental Activities long-term liabilities</i>	<u>\$ 1,953,446</u>	<u>\$ 225,101</u>	<u>\$ (60,185)</u>	<u>\$ 2,118,362</u>	<u>\$ 191,319</u>

In fiscal year 1997, the School District entered into an agreement with the Medina County Sanitary Engineering Department to amortize \$172,279 worth of water tap-in and other fees over a ten-year period. These amortized costs matured in fiscal year 2007 and were funded with general fund operating revenues. Compensated absences will be paid from the fund from which the person is paid. In prior years this has primarily been the general fund.

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 13 - OPERATING LEASES

The School District is obligated under a lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the School District's funds. Total lease expenditures for the year ended June 30, 2007 were \$49,984. Future minimum rental payments required under this lease as of June 30, 2007 are as follows:

<i>Fiscal Year</i>	<i>Lease Payments</i>
2008	45,784
<i>Total minimum lease payments</i>	\$ 45,784

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center for Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio, 44035. During the year ended June 30, 2007, the School District paid \$57,863 to LEECA for basic service charges.

B. Ohio Schools Council of Governments

The Ohio Schools Council is a jointly governed organization among fourteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provided operating resources to Ohio Schools Council on a per pupil or actual usage charge except for insurance. The Ohio Schools Council assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. A board of directors chosen from the general membership governs Ohio Schools Council. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Ohio Schools Council located at 6376 Mill Road, Broadview Heights, Ohio, 44147. During the year ended June 30, 2007, the School District paid \$144,014 to Ohio Schools Council.

C. Medina County Joint Vocational School District

The Medina County Joint Vocational School District is a distinct subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Medina County

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Joint Vocational School District is not part of the School District and its operations are not included as part of the reporting entity. During fiscal year 2007, the School District paid \$19,379 to the Medina County Joint Vocational School District. Financial information can be obtained by contacting the Treasurer at the Medina County Joint Vocational School District, 1101 West Liberty Street, Medina, Ohio 44256.

NOTE 15 – CONTINGENCIES

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 year-end.

NOTE 16 - STATUTORY RESERVES

The School District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

	<i>Textbook Reserve</i>	<i>Capital Improvement Reserve</i>	<i>Total</i>
	<u> </u>	<u> </u>	<u> </u>
<i>Set-Aside Cash Balance as of June 30, 2006</i>	\$ (35,194)	\$ 0	\$ (35,194)
<i>Current Year Set-Aside Requirement</i>	472,818	472,818	945,636
<i>Current Year Offset</i>	0	(829,783)	(829,783)
<i>Qualifying Disbursements</i>	<u>\$ (449,855)</u>	<u>0</u>	<u>(449,855)</u>
<i>Total</i>	<u>\$ (12,231)</u>	<u>\$ (356,965)</u>	<u>\$ (369,196)</u>
<i>Balance Carried Forward to Fiscal Year 2008</i>	<u><u>\$ (12,231)</u></u>		

Cloverleaf Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 17 - FUND DEFICITS AND COMPLIANCE

A. Fund Deficits

As of June 30, 2007, three funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances as follows:

<u>Fund</u>	<u>Deficit Balance</u>
<i>General Fund</i>	\$ 246,546
 <u>Special Revenue Fund:</u>	
<i>Food Service</i>	64,940
<i>Athletic Acct-Middle & High School</i>	15,955



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

November 26, 2007

To the Board of Education
Cloverleaf Local School District
Medina County, Ohio
8525 Friendsville Rd.
Lodi, Ohio 44254

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cloverleaf Local School District as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cloverleaf Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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

Cloverleaf Local School District, Medina County, Ohio

Internal Control-Compliance Report

Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cloverleaf Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Cloverleaf Local School District in a separate letter dated November 26, 2007.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

November 26, 2007

The Board of Education
Cloverleaf Local School District
8525 Friendsville Rd.
Lodi, Ohio 44254

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of the Cloverleaf Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. Cloverleaf Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Cloverleaf Local School District's management. Our responsibility is to express an opinion on Cloverleaf Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circulars A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cloverleaf Local School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cloverleaf Local School District's compliance with those requirements.

In our opinion, Cloverleaf Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Cloverleaf Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cloverleaf Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cloverleaf Local School Districts' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cloverleaf Local School District as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of the Cloverleaf Local School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

CLOVERLEAF LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education (Passed Through Ohio Department of Education):					
Title I	84.010	C1-S1-2006	\$ 13,900	\$ 13,919	\$ 0
Title I	84.010	C1-S1-2007	255,229	231,508	
Total Title I			<u>269,129</u>	<u>245,427</u>	<u>0</u>
<i>Special Education Cluster</i>					
IDEA-B	84.027	6B-SF-2006	49,184	103,079	0
IDEA-B	84.027	6B-SF-2007	683,441	637,871	
Total IDEA-B			<u>732,625</u>	<u>740,950</u>	<u>0</u>
Preschool Grants	84.173	PG-S1-2007	14,115	14,115	0
Total Preschool Grants			<u>14,115</u>	<u>14,115</u>	<u>0</u>
<i>Total Special Education Cluster</i>					
			<u>746,740</u>	<u>755,065</u>	<u>0</u>
Safe and Drug-Free Schools and Communities	84.186	DR-S1-2007	8,327	8,327	0
Total Safe and Drug-Free Schools and Communities			<u>8,327</u>	<u>8,327</u>	<u>0</u>
Title VI	84.298	C2-S1-2007	4,564	4,564	0
Total Title VI			<u>4,564</u>	<u>4,564</u>	<u>0</u>
Title II-D	84.318	TJ-S1-2007	2,655	2,655	0
Total Title II-D			<u>2,655</u>	<u>2,655</u>	<u>0</u>
Title II-A	84.367	TR-S1-2006	22,005	8,798	0
Title II-A	84.367	TR-S1-2007	116,235	110,107	0
Total Title II-A			<u>138,240</u>	<u>118,905</u>	<u>0</u>
Hurricane Education Recovery	84.938	HR-01-2007	4,000	2,000	0
Total Hurricane Education Recovery Grant			<u>4,000</u>	<u>2,000</u>	<u>0</u>
Total Department of Education			1,173,655	1,136,943	0
U. S. Department of Agriculture (Passed Through Ohio Department of Education):					
Nutrition Cluster:					
School Breakfast Program	10.553	05PU-2006	13,816 (B)	13,816	0
School Breakfast Program	10.553	05PU-2007	36,474	36,474	
National School Lunch Program	10.555	LLP4-2006	65,867 (B)	65,867	0
National School Lunch Program	10.555	LLP4-2007	164,946	164,946	
Total Department of Agriculture: Nutrition Cluster			<u>281,103</u>	<u>281,103</u>	<u>0</u>
Food Distribution Program	10.550		49,959 (A)	0	49,959
Total Food Distribution Program			<u>49,959</u>	<u>0</u>	<u>49,959</u>
Total Department of Agriculture			331,062	281,103	49,959
Total Federal Assistance			<u>\$ 1,504,717</u>	<u>\$ 1,418,046</u>	<u>\$ 49,959</u>

(A) Government commodities are reported at the fair market value of the commodities received and disbursed.

(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**CLOVERLEAF LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any significant deficiencies or material weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Special Education Cluster CFDA # 84.027 CFDA # 84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



Mary Taylor, CPA
Auditor of State

CLOVERLEAF LOCAL SCHOOL DISTRICT

MEDINA 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
DECEMBER 18, 2007**