

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2004

With

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Education
Rossford Exempted Village School District
601 Superior Street
Rossford, Ohio 43460

We have reviewed the *Independent Auditor's Report* of the Rossford Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2003 through June 30, 2004. 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 Rossford Exempted Village School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 29, 2005

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ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rossford Exempted Village School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rossford Exempted Village 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 Rossford Exempted Village School District, as of June 30, 2004, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Other Local Grants Fund, thereof 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 April 28, 2005 on our consideration of Rossford Exempted Village School District's internal control over financial reporting and on 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 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
April 28, 2005

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited**

The discussion and analysis of the Rossford Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Major financial highlights for fiscal year 2004 are listed below:

The assets of the District exceeded its liabilities at year-end by \$9,880,656. Of this amount, \$1,701,819 may be used to meet the government's ongoing obligations to citizens and creditors.

In total, net assets increased \$2,660,997.

The District had \$19,841,387 in expenses related to governmental activities; only \$1,645,071 of these expenses was offset by program specific charges for services, grants or contributions. General revenue of \$20,857,313, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.

The General Fund balance increased by \$1,575,850 from \$161,423 at June 30, 2003 to \$1,737,273 at June 30, 2004. The Other Local Grants Special Revenue Fund balance increased by \$673,064 from \$1,494,118 at June 30, 2003 to \$2,167,182 at June 30, 2004.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund and the Other Local Grants Special Revenue Fund are the only major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" 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 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

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

In the statement of net assets and the statement of activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The major governmental funds are the General Fund and the Other Local Grants Special Revenue Fund.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the District's Fiduciary Responsibilities - The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a Private Purpose Trust Fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Assets in the accompanied financial statements. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance the operation.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the District's net assets for fiscal year 2004. A comparative analysis of fiscal year 2004 to 2003 follows:

**Table 1
Governmental Activities**

	2004	2003
<u>Assets:</u>		
Current and Other Assets	\$20,952,714	\$20,015,980
Capital Assets, Net	6,160,181	5,995,105
Total Assets	<u>27,112,895</u>	<u>26,011,085</u>
<u>Liabilities:</u>		
Current and Other Liabilities	16,012,892	16,966,132
Long-Term Liabilities	1,219,347	1,825,294
Total Liabilities	<u>17,232,239</u>	<u>18,791,426</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	6,160,181	5,680,105
Restricted	2,018,656	723,813
Unrestricted	1,701,819	815,741
Total	<u>\$9,880,656</u>	<u>\$7,219,659</u>

The District received a significant increase in cash revenue from other local grants during the fiscal year.

Governmental Activities during fiscal year 2004

The following table presents a condensed summary of the District's activities during fiscal year 2004 and the resulting change in net assets:

**Table 2
Governmental Activities**

	2004	2003
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$759,809	\$569,192
Operating Grants and Contributions	885,262	974,207
Capital Grants and Contributions		30,718
Total Program Revenues	<u>1,645,071</u>	<u>1,574,117</u>
General Revenues:		
Property Taxes	15,846,366	13,940,399
Grants and Entitlements	4,785,680	4,120,874
Gifts and Donations	46,266	
Investment earnings	62,121	79,707
Miscellaneous	117,880	246,706
Total General Revenues	<u>20,857,313</u>	<u>18,387,686</u>
Total Revenues	<u>22,502,384</u>	<u>19,961,803</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

<u>Expenses:</u>		
Instruction	10,835,384	10,655,348
Support Services:		
Pupils	1,328,604	1,252,777
Instructional Staff	947,858	865,587
Board of Education	53,974	23,487
Administration	1,824,148	1,505,076
Fiscal	350,384	306,626
Business	125,182	103,582
Operation and Maintenance of Plant	1,824,596	1,621,980
Pupil Transportation	817,838	810,857
Central	357,267	285,427
Non-Instructional Services	689,444	666,173
Extracurricular	607,159	571,012
Interest and fiscal charges	11,549	25,788
Total Expenses	<u>19,841,387</u>	<u>18,693,720</u>
Increase in Net Assets	<u>\$2,660,997</u>	<u>\$1,268,083</u>

Of the total governmental activities revenues of \$22,502,384, \$1,645,171 (7%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 76% (\$15,846,366) comes from property tax levies and 23% (\$4,785,680) is from state and federal funding. The District's operations are reliant upon its property tax levy and the state's foundation program.

The District received a substantial increase in tax revenue of \$1.9 million dollars.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 11% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$10,835,384 but program revenue contributed to fund 9% of those costs. Thus, general revenues of \$9,853,853 were used to support of remainder of the instruction costs.

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2004	2004	2003	2003
Instruction	\$10,835,384	\$9,853,853	\$10,655,348	\$10,021,944
Support Services:				
Pupils	1,328,604	1,321,646	1,252,777	1,195,063
Instructional Staff	947,858	943,718	865,587	754,876
Board of Education	53,974	53,974	23,487	23,487
Administration	1,824,148	1,824,148	1,505,076	1,458,433
Fiscal	350,384	350,384	306,626	306,626
Business	125,182	125,182	103,582	103,582
Operation and Maintenance of Plant	1,892,596	1,718,458	1,621,980	1,621,980
Pupil Transportation	817,838	817,838	810,857	810,857
Central	357,267	357,267	285,427	285,427
Non-Instructional Services	689,444	217,841	666,173	70,503
Extracurricular	607,159	426,320	571,012	441,037
Interest and Fiscal Charges	11,549	11,549	25,788	25,788
Total Expenses	\$19,841,387	\$18,196,316	\$18,693,720	\$17,119,603

The increase in expenses was attributed to increases in wages and health benefits.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2004, the District amended its General Fund budget as needed.

Final expenditures and other financing uses were budgeted at \$19,599,025 while actual expenditures and other financing uses were \$18,061,133. The \$1,537,892 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. Actual General Fund revenues were more than expenditures by \$1,110,222. During fiscal year 2004 interest revenue decreased significantly due to the declining economy. Open enrollment dollars were also recorded as gross receipts for incoming students and expenditures for outgoing students.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004 the District had \$6,160,181 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. See Note 7 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

	Governmental Activities
Land	\$408,500
Land Improvements	319,667
Buildings and Improvements	4,131,372
Furniture and Equipment	917,056
Vehicles	383,586
TOTAL	<u>\$6,160,181</u>

Debt

At June 30, 2004 the District had \$0 in general obligation bonds outstanding. The bonds were retired on December 31, 2003. The bonds were retired through the Permanent Improvement Fund. For further information regarding the District's debt note see Note 12 to the basic financial statements.

ECONOMIC FACTORS

A challenge facing the District is the future of state funds. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance.

The District is holding its own in the state of a declining economy and uncertainty in State funding. The District is a small rural community of 7,000 people in Northwest Ohio. It has a significant number of small businesses and industry with agriculture as part of the economy.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited
(Continued)**

The District is currently operating in the first year of the state biennium budget. According to the 2004 Local District Report Card, 76.7% of district revenue sources are from local funds, 18.6% from state funds and the remaining 4.7% is from federal funds. The total expenditure per pupil was calculated at \$8,826, which is a \$392 increase from the 2003 report card.

Over the past several years, the District has remained in a good financial position. In 1991, the District passed a five-year 7.9 mill levy and has replaced it twice. This levy provides a continuous source of funds for the financial operations and stability of the District. The District also passed an additional 7.9 mill 5-year operating levy in 2002, which collects an additional \$3,030,000 per year.

Requests for Additional Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James Rossler, Jr., Treasurer, Rossford Exempted Village School District, 601 Superior Street, Rossford, Ohio 43460.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Net Assets
June 30, 2004**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	5,267,504
Materials and Supplies Inventory		8,371
Accounts Receivable		79,549
Intergovernmental Receivable		223,256
Taxes Receivable		15,374,034
Non-Depreciable Capital Assets		408,500
Depreciable Capital Assets, net		5,751,681
Total Assets		<u>27,112,895</u>
 LIABILITIES:		
Accounts Payable		61,665
Accrued Wages and Benefits		1,895,254
Intergovernmental Payable		453,825
Deferred Revenue		13,602,148
Long-Term Liabilities:		
Due in More Than One Year		1,219,347
Total Liabilities		<u>17,232,239</u>
 NET ASSETS:		
Invested in Capital Assets, Net of Related Debt		6,160,181
Restricted for Debt Service		85,887
Restricted for Capital Outlay		210,600
Restricted for Other Purposes		1,722,169
Unrestricted		1,701,819
Total Net Assets	\$	<u><u>9,880,656</u></u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2004**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 8,941,378	\$ 271,543	\$ 166,034	\$ (8,503,801)
Special	1,589,172		543,954	(1,045,218)
Vocational	273,122			(273,122)
Adult/Continuing	31,712			(31,712)
Support Services:				
Pupils	1,328,604		6,958	(1,321,646)
Instructional Staff	947,858		4,140	(943,718)
Board of Education	53,974			(53,974)
Administration	1,824,148			(1,824,148)
Fiscal	350,384			(350,384)
Business	125,182			(125,182)
Operation and Maintenance of Plant	1,892,596			(1,892,596)
Pupil Transportation	817,838			(817,838)
Central	357,267			(357,267)
Operation of Non-Instructional Services	689,444	307,427	164,176	(217,841)
Extracurricular Activities	607,159	180,839		(426,320)
Debt Service:				
Interest and Fiscal Charges	11,549			(11,549)
Totals	\$ 19,841,387	\$ 759,809	\$ 885,262	(18,196,316)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				15,521,338
Property Taxes, Levied for Capital Outlay				324,028
Grants and Entitlements not Restricted to Specific Programs				4,785,680
Gifts and Donations				46,266
Investment Earnings				62,121
Miscellaneous				117,880
Total General Revenues				20,857,313
Change in Net Assets				2,660,997
Net Assets Beginning of Year				7,219,659
Net Assets End of Year				\$ 9,880,656

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2004**

	<u>General Fund</u>	<u>Other Local Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,623,704	\$ 2,167,182	\$ 476,618	\$ 5,267,504
Materials and Supplies Inventory			8,371	8,371
Accounts Receivable	79,549			79,549
Interfund Receivable	7,723			7,723
Intergovernmental Receivable			223,256	223,256
Taxes Receivable	15,374,034			15,374,034
Total Assets	\$ <u>18,085,010</u>	\$ <u>2,167,182</u>	\$ <u>708,245</u>	\$ <u>20,960,437</u>
Liabilities				
Current Liabilities:				
Accounts Payable	14,015		47,650	61,665
Accrued Wages and Benefits	1,797,039		98,215	1,895,254
Interfund Payable			7,723	7,723
Intergovernmental Payable	274,258		12,943	287,201
Deferred Revenue	14,262,425		46,620	14,309,045
	<u>16,347,737</u>		<u>213,151</u>	<u>16,560,888</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	93,654	143,597	186,620	423,871
Reserved for Inventory			8,371	8,371
Reserved for Property Taxes	1,111,609			1,111,609
Reserved for Debt Service			85,887	85,887
Unreserved, Undesignated, Reported in:				
General Fund	532,010			532,010
Special Revenue Funds		2,023,585	100,880	2,124,465
Capital Projects Funds			113,336	113,336
Total Fund Balances	<u>1,737,273</u>	<u>2,167,182</u>	<u>495,094</u>	<u>4,399,549</u>
Total Liabilities and Fund Balances	\$ <u>18,085,010</u>	\$ <u>2,167,182</u>	\$ <u>708,245</u>	\$ <u>20,960,437</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2004**

Total Governmental Fund Balances	\$	4,399,549
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		6,160,181
Receivables that do not provide financial resources are not reported as revenues in governmental fund.		706,897
Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources, and therefore, not reported in the funds.		(166,624)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Compensated Absences Payable	<u>(1,219,347)</u>	<u>(1,219,347)</u>
Net Assets of Governmental Activities	\$	<u><u>9,880,656</u></u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004**

	<u>General Fund</u>	<u>Other Local Grants Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property and Other Local Taxes	\$ 15,390,291	\$	\$ 345,660	\$ 15,735,951
Intergovernmental	3,563,755	1,041,975	1,112,137	5,717,867
Interest	62,121			62,121
Tuition and Fees	232,644		29,899	262,543
Rent	9,000			9,000
Extracurricular Activities			180,839	180,839
Gifts and Donations		36,596	9,670	46,266
Customer Sales and Services			307,427	307,427
Miscellaneous	117,256		624	117,880
Total Revenues	<u>19,375,067</u>	<u>1,078,571</u>	<u>1,986,256</u>	<u>22,439,894</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	8,705,932	29,042	177,173	8,912,147
Special	1,291,320		293,477	1,584,797
Vocational	268,016			268,016
Adult/Continuing	31,712			31,712
Support Services:				
Pupils	1,306,798	25,409	46,149	1,378,356
Instructional Staff	817,851		125,383	943,234
Board of Education	52,443			52,443
Administration	1,708,540		65,004	1,773,544
Fiscal	321,838			321,838
Business	117,815			117,815
Operation and Maintenance of Plant	1,663,313		5,864	1,669,177
Pupil Transportation	884,078		7,771	891,849
Central	168,978	310,405	2,064	481,447
Operation of Non-Instructional Services	540	40,651	666,753	707,944
Extracurricular Activities	398,205		214,712	612,917
Capital Outlay	4,671		295,715	300,386
Debt Service:				
Principal			315,000	315,000
Interest			11,549	11,549
Total Expenditures	<u>17,742,050</u>	<u>405,507</u>	<u>2,226,614</u>	<u>20,374,171</u>
Excess of Revenues Over (Under) Expenditures	<u>1,633,017</u>	<u>673,064</u>	<u>(240,358)</u>	<u>2,065,723</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In			57,167	57,167
Transfers Out	(57,167)			(57,167)
Total Other Financing Sources and Uses	<u>(57,167)</u>		<u>57,167</u>	
Net Change in Fund Balances	1,575,850	673,064	(183,191)	2,065,723
Fund Balance (Deficit) at Beginning of Year	161,423	1,494,118	678,285	2,333,826
Fund Balance (Deficit) at End of Year	<u>\$ 1,737,273</u>	<u>\$ 2,167,182</u>	<u>\$ 495,094</u>	<u>\$ 4,399,549</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2004**

Net Change in Fund Balances - Total Governmental Funds \$ 2,065,723

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	635,375	
Depreciation	<u>(467,919)</u>	
		167,456

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(2,380)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	(46,925)	
Delinquent Property Taxes	<u>109,415</u>	
		62,490

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.

315,000

Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Intergovernmental Payable	(49,512)	
Compensated Absences Payable	<u>102,220</u>	
		<u>52,708</u>

Change in Net Assets of Governmental Activities		\$ <u><u>2,660,997</u></u>
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See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 15,797,995	\$ 14,813,934	\$ 15,167,331	\$ 353,397
Intergovernmental	3,275,659	3,277,402	3,563,755	286,353
Interest	80,000	80,000	62,121	(17,879)
Tuition and Fees	171,500	171,500	232,229	60,729
Rent	6,000	6,000	9,000	3,000
Miscellaneous	2,500	2,500	62,665	60,165
Total Revenues	<u>19,333,654</u>	<u>18,351,336</u>	<u>19,097,101</u>	<u>745,765</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	8,641,379	9,354,025	8,933,781	420,244
Special	1,412,586	1,529,933	1,323,773	206,160
Vocational	253,242	280,075	262,254	17,821
Adult/Continuing	21,200	31,778	31,777	1
Support Services:				
Pupils	1,314,929	1,351,432	1,305,269	46,163
Instructional Staff	601,127	963,246	822,373	140,873
Board of Education	39,349	79,672	52,918	26,754
Administration	1,501,450	1,857,729	1,713,148	144,581
Fiscal	289,752	365,186	332,474	32,712
Business	128,506	158,459	118,289	40,170
Operation and Maintenance of Plant	1,783,527	1,787,211	1,652,754	134,457
Pupil Transportation	851,179	974,355	866,264	108,091
Central	186,469	242,185	167,739	74,446
Operation of Non-Instructional Services	275	545	544	1
Extracurricular Activities	433,410	536,410	408,215	128,195
Capital Outlay	2,230	4,671	4,671	-
Total Expenditures	<u>17,460,610</u>	<u>19,516,912</u>	<u>17,996,243</u>	<u>1,520,669</u>
Excess of Revenues Over (Under) Expenditures	<u>1,873,044</u>	<u>(1,165,576)</u>	<u>1,100,858</u>	<u>2,266,434</u>
Other Financing Sources and Uses:				
Refund of Prior Year Expenditures	75,000	75,000	74,254	(746)
Advances In	45,000	45,000	-	(45,000)
Transfers Out	(17,587)	(57,174)	(57,167)	7
Advances Out	(21,939)	(24,939)	(7,723)	17,216
Total Other Financing Sources and Uses	<u>80,474</u>	<u>37,887</u>	<u>9,364</u>	<u>(28,523)</u>
Net Change in Fund Balances	1,953,518	(1,127,689)	1,110,222	2,237,911
Fund Balance (Deficit) at Beginning of Year	1,173,420	1,173,420	1,173,420	-
Prior Year Encumbrances Appropriated	232,271	232,271	232,271	-
Fund Balance (Deficit) at End of Year	<u>\$ 3,359,209</u>	<u>\$ 278,002</u>	<u>\$ 2,515,913</u>	<u>\$ 2,237,911</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OTHER LOCAL GRANTS
For the Fiscal Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 545,722	\$ 1,027,016	\$ 1,041,975	\$ 14,959
Gifts and Donations	<u>49,000</u>	<u>49,000</u>	<u>36,596</u>	<u>(12,404)</u>
Total Revenues	<u>594,722</u>	<u>1,076,016</u>	<u>1,078,571</u>	<u>2,555</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	74,754	635,111	36,570	598,541
Support Services:				
Pupils		80,000	33,114	46,886
Operation and Maintenance of Plant		243,976	131,597	112,379
Central	419,421	440,613	313,752	126,861
Operation of Non-Instructional Services	<u>28,260</u>	<u>68,260</u>	<u>40,651</u>	<u>27,609</u>
Total Expenditures	<u>522,435</u>	<u>1,467,960</u>	<u>555,684</u>	<u>912,276</u>
Excess of Revenues Over (Under) Expenditures	<u>72,287</u>	<u>(391,944)</u>	<u>522,887</u>	<u>914,831</u>
Fund Balance (Deficit) at Beginning of Year	1,482,705	1,482,705	1,482,705	
Prior Year Encumbrances Appropriated	<u>17,992</u>	<u>17,992</u>	<u>17,992</u>	
Fund Balance (Deficit) at End of Year	<u>\$ 1,572,984</u>	<u>\$ 1,108,753</u>	<u>\$ 2,023,584</u>	<u>\$ 914,831</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>39,370</u>	\$ <u>40,246</u>
Total Assets	<u>39,370</u>	<u>40,246</u>
Liabilities		
Current Liabilities:		
Undistributed Monies	<u>-</u>	<u>40,246</u>
Total Liabilities	<u>-</u>	<u>40,246</u>
Net Assets		
Held in Trust for Scholarships	<u>39,370</u>	<u>-</u>
Total Net Assets	<u>\$ 39,370</u>	<u>\$ -</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2004**

	<u>Private Purpose Trust</u>
ADDITIONS:	
Contributions and Interest	\$ <u>9,397</u>
Total Additions	<u>9,397</u>
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>2,950</u>
Total Deductions	<u>2,950</u>
Change in Net Assets	6,447
Net Assets Beginning of Year	<u>32,923</u>
Net Assets End of Year	<u>\$ <u>39,370</u></u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District was established in the 1920s through the consolidation of existing land areas and school districts. The District serves an area of approximately 27 square miles. It is located in Wood County, and includes the City of Rossford and portions of the City of Northwood and portions of Perrysburg and Lake Townships. The District is the 275th largest in the State of Ohio (among 612 school districts) in terms of enrollment and provides services to approximately 2,000 students and other community members.

Reporting Entity:

A reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

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

The following activity is included within the reporting entity:

Parochial Schools - Within the District boundaries, All Saints Catholic elementary and junior high schools are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with five organizations, which are defined as jointly governed organizations, insurance purchasing pools, and a related organization. These organizations include the Northern Ohio Educational Computer Association, the Penta County Joint Vocational School District, the Ohio School Boards Association Worker's Compensation Group Rating Plan, the Wood County Schools Benefit Plan, and the Rossford Public Library. These organizations are presented in Notes 13, 14, and 15 to the basic financial statements.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program 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. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial 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 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 District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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 following are the District's only major governmental funds:

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

Other Local Grants Special Revenue Fund – The Other Local Grants Special Revenue Fund is used to account for enterprise zone monies that the District receives from various businesses within the District.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of private-purpose trust funds and agency funds. The District's private-purpose trust funds account for scholarship programs for students. These assets are not available for the District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the 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.

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. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the 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 for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 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 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 on the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2004 is as follows:

1. Prior to fiscal year 2004, the Treasurer would submit an annual tax budget for the following fiscal year to the School Board by January 15, for consideration and passage. The adopted budget was submitted to the County Auditor, as Secretary of the Council Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following year. Beginning in year 2004, this requirement was waived by the County Budget Commission.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)

Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control.

4. Any revisions that alter the total of any fund appropriation or alter total function appropriations with a fund, or alter object appropriations within functions within a fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriations.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which reallocate, increased or decreased the original appropriated amounts.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2004, the District's investments were limited to repurchase agreements and non-negotiable certificates of deposit, and Fixed Income Government Bonds. Repurchase agreements and non-negotiable certificates of deposit are reported at cost and fixed income bonds were reported at fair market value.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2004 was \$62,121, which included \$32,924 assigned from other District funds.

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

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when consumed.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

H. Capital Assets

Capital assets, which includes property, plant and equipment are reported in the governmental activities column of the government-wide statement of net assets 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 fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is \$500. The 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.

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>
Buildings and Building Improvements	15 - 30 years
Land Improvements	15 - 30 years
Equipment and furniture other than vehicles	5 - 20 years
Vehicles	10 years

I. 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.

J. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. These compensated absences are measured using rates in effect at June 30, 2004.

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

For governmental fund financial statements, a liability is reported only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

K. 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, special termination benefits and contractually required pension contributions 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.

L. 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 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 District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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

O. Estimates

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

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Other Local Grants Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

	<u>General</u>	<u>Other Local Grants</u>
GAAP Basis	\$1,575,850	\$673,064
Increase (Decrease) Due To:		
Revenue Accruals:		
Accrued FY 2003, Received In Cash FY 2004	943,671	-
Accrued FY 2004, Not Yet Received in Cash	(1,221,637)	-
Expenditure Accruals:		
Accrued FY 2003, Paid in Cash FY 2004	(2,231,715)	(6,580)
Accrued FY 2004, Not Yet Paid in Cash	2,159,566	-
Advances Net	(7,723)	-
Encumbrances Outstanding at Year End (Budget Basis)	(107,790)	(143,597)
Budget Basis	<u>\$1,110,222</u>	<u>\$522,887</u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year-end, the carrying amount of the District's deposits was (\$83,230) and the bank balance was \$119,128. Of the bank balance was \$102,021 covered by federal depository insurance and \$17,107 was uninsured and uncollateralized as defined by GASB. The securities serving as collateral were held by the pledging financial institution's trust department, but not in the District's name, and all State statutory requirements for the deposit of money had been followed.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio is unclassified because it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Repurchase Agreement	\$3,507,187	\$3,507,187
STAR Ohio	-	1,923,163
Totals	\$3,507,187	\$5,430,350

5. 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 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 to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88% 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.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from the Wood County Auditor, who periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2005 operations. Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes that became measurable as of June 30, 2004. 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 fiscal 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, 2004, was \$1,111,609 in the General Fund. The assessed values upon which the fiscal year 2004 taxes were collected are:

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

	<u>2003 Second- Half Collections</u>		<u>2004 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$261,902,900	67%	\$272,406,640	69%
Public Utility	10,507,270	3%	10,828,560	3%
Tangible Personal Property	117,169,455	30%	108,586,866	28%
Total Assessed Value	<u>\$389,579,625</u>	<u>100%</u>	<u>\$391,822,066</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$56.50		\$55.50	

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$7,723 that consists of amounts due from nonmajor governmental funds. These interfund loans were made to provide operating capital.

During the year ended June 30, 2004, the General Fund made transfers of \$57,167 to nonmajor governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Balance at 7/01/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/04</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$408,500			\$408,500
Total Nondepreciable Capital Assets	<u>408,500</u>			<u>408,500</u>
Depreciable Capital Assets				
Land Improvements	1,363,500			1,363,500
Buildings and Improvements	9,679,534	185,305		9,864,839
Furniture and Equipment	2,901,664	339,670	132,139	3,109,195
Vehicles	1,197,993	110,400		1,308,393
Total Depreciable Capital Assets	<u>15,142,691</u>	<u>635,375</u>	<u>132,139</u>	<u>15,645,927</u>
Less Accumulated Depreciation				
Land Improvements	1,016,955	26,878		1,043,833
Buildings and Improvements	5,551,126	182,341		5,733,467
Furniture and Equipment	2,082,886	239,012	129,759	2,192,139
Vehicles	905,119	19,688		924,807
Total Accumulated Depreciation	<u>9,556,086</u>	<u>467,919</u>	<u>129,759</u>	<u>9,894,246</u>
Depreciable Capital Assets, Net	<u>5,586,605</u>	<u>167,456</u>	<u>2,380</u>	<u>5,751,681</u>
Governmental Activities Capital Assets, Net	<u>\$5,995,105</u>	<u>\$167,456</u>	<u>\$2,380</u>	<u>\$6,160,181</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$343,369
Special	4,279
Support Services:	
Pupil	4,050
Instructional Staff	1,321
Administration	1,975
Operation and Maintenance of Plant	4,710
Pupil Transportation	20,194
Central	54,117
Non-Instruction	11,294
Extracurricular activities	1,728
Capital Outlay	20,882
Total Depreciation Expense	<u>\$467,919</u>

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage in the last year.

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

For fiscal year 2004, the District participated in the Wood County Schools Benefit Plan, a group insurance purchasing pool (Note 14), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which is currently 14 percent of annual covered payroll. The contribution rates are not determined actuarially, but are established by SERS Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were approximately \$406,000, \$356,000, and \$345,000, respectively. Approximately 52 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. The current portion of the contribution for fiscal year 2004 is recorded as a liability within the respective funds and full liability is recorded on the government-wide financial statements.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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 become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were approximately \$1,278,000, \$1,196,000 and \$1,219,000 respectively. Approximately 83 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. The unpaid contribution for fiscal year 2004 is recorded as a liability in the respective funds.

C. Social Security System

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. Members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

10. POSTEMPLOYMENT BENEFITS

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

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

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2004.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268.7 million. There were 111,853 eligible benefit recipients.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for the basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2004, the allocation rate is 4.91%. 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 fiscal 2004, the minimum pay has been established as \$25,400. 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million.

The number of participants currently receiving health care benefits is approximately 62,000.

11. EMPLOYEE BENEFITS

A. Compensated Absences

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

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 284 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 71 days.

B. Early Retirement Incentive Bonus Plan

In addition to severance pay to which an employee is entitled, all bargaining unit members meeting STRS retirement criteria (25 years at age 55 through 30 years) shall be eligible for a one-time \$15,000 severance bonus, plus an additional \$5,000 for each of the four (4) years following retirement. The Superintendent shall receive a letter of resignation for the purpose of retirement by April 1. Failure of a bargaining unit member to retire during the first year of STRS eligibility will result in the total forfeiture of all rights to the one-time \$15,000 severance bonus plus the additional \$5,000 for each of the four (4) years following retirement. Payment shall be made upon final certification of retirement from active service by STRS to the Board.

Eligible members may elect to receive half the money upon retiring and half in January following the year of retirement.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

12. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2004 were as follows:

	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2004</u>	<u>Amounts Due In One Year</u>
General obligation bonds	\$315,000	\$-	\$315,000	\$-	\$-
Compensated absences payable	1,393,182	1,219,347	1,393,182	1,219,347	
Total	<u>\$1,708,182</u>	<u>\$1,219,347</u>	<u>\$1,708,182</u>	<u>\$1,219,347</u>	

School Improvement General Obligation Bonds - On January 7, 1999, the Rossford Exempted Village School District issued \$1,460,000 in voted general obligation bonds for the purpose of renovating, rehabilitation, adding to, acquiring, furnishing, equipping and otherwise improving school facilities and sites. The notes were retired in fiscal year 2004.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was \$35,263,986 with an unvoted debt margin of \$391,822 at June 30, 2004.

13. JOINTLY GOVERNED ORGANIZATIONS

A. Northern Ohio Educational Computer Association

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of 42 educational entities, primarily school districts, located in Crawford, Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by its participating members, which consists of a representative from each member entity and a representative from the fiscal agent. Financial information can be obtained from Erie-Ottawa County Educational Service Center, from Betty Schwiesert, who serves as Treasurer, at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

B. Penta County Joint Vocational School District

The Penta County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Joint Vocational School District, Carrie J. Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

14. INSURANCE PURCHASING POOL

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Wood County Schools Benefit Plan

The District participates in the Wood County Schools Benefit Plan, a public entity risk pool currently operating as a common risk management and insurance program for 10 member school districts. The District pays an annual premium to Wood County Schools Benefit Plan, for its health, dental and life insurance coverage. It is intended that the Wood County Schools Benefit Plan will be self-sustaining through member premiums and reinsures through commercial companies for excess claims.

15. RELATED ORGANIZATION

Rossford Public Library

The Rossford Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Rossford Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Rossford Public Library, 720 Dixie Highway Road, Rossford, Ohio 43460.

16. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

B. Litigation

The District is party to legal proceedings and is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

17. REQUIRED SET-ASIDES

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

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2003	(\$57,529)	
Current Year set-aside requirement	264,786	\$264,786
Less qualifying disbursements and offsets	(264,786)	(264,786)
Total	(\$57,529)	
Cash Balance Carried Forward to FY 2005	(\$57,529)	

Since the District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts may be used to reduce the set aside requirements of future years. However, the excess qualifying disbursements of the capital improvement set aside may not be used to reduce the capital improvement set-aside requirements of future years.

18. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding 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 District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2004

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
(Passed through Ohio Department of Education)				
Nutrition Cluster:				
Food Distribution Program	03-PU	10.550	6,478	6,478
School Breakfast Program	05-PU	10.553	\$ 8,461	8,461
National School Lunch Program	04-PU	10.555	<u>126,047</u>	<u>126,047</u>
Total U.S. Department of Agriculture			<u>140,986</u>	<u>140,986</u>
 <u>U.S. Department of Education:</u>				
(Passed through Ohio Department of Education)				
Special Education Cluster:				
IDEA Part B	6B-SF	84.027	303,161	300,276
Preschool Grant	PG - S1	84.173	<u>17,242</u>	<u>19,022</u>
			<u>320,403</u>	<u>319,298</u>
Title I Grant	C1-S1	84.010	171,424	171,051
Safe and Drug Free Schools	DR-S1	84.186	7,642	7,642
Innovative Education Program Strategy	C2-S1	84.298	11,800	17,550
Technology Literacy Challenge	TF-51	84.318	1,964	3,710
Improving Teacher Quality	TR-S1	84.367	<u>72,420</u>	<u>67,040</u>
Total U.S. Department of Education			<u>585,653</u>	<u>586,291</u>
 <u>U.S. Department of Health and Human Services:</u>				
(Passed through Ohio Department of MR/DD)				
Medical Assistance Program - CAFS	n/a	93.778	<u>17,471</u>	<u>17,471</u>
Total U.S. Department of Health and Human Services			<u>17,471</u>	<u>17,471</u>
Total Federal Awards			\$ <u>744,110</u>	<u>744,748</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**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***

To the Board of Education
Rossford Exempted Village School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rossford Exempted Village School District as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Rossford Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rossford Exempted Village 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*.

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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 28, 2005



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Rossford Exempted Village School District:

Compliance

We have audited the compliance of Rossford Exempted Village 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 each of its major federal programs for the year ended June 30, 2004. Rossford Exempted Village School District's major federal programs are 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 each of its major federal programs is the responsibility of Rossford Exempted Village School District's management. Our responsibility is to express an opinion on Rossford Exempted Village 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; 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 Circular 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 Rossford Exempted Village 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 of Rossford Exempted Village School District's compliance with those requirements.

In our opinion, Rossford Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Rossford Exempted Village School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Rossford Exempted Village 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
April 28, 2005

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2004

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	no
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	no
Identification of major programs:	
<i>Special Education Cluster:</i>	
CFDA 84.027 IDEA Part B	
CFDA 84.173 Preschool Grant	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2004

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.



**Auditor of State
Betty Montgomery**

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**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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
SEPTEMBER 8, 2005**