

**ROSSFORD EXEMPTED VILLAGE
SCHOOL DISTRICT, OHIO**

Basic Financial Statements

Year Ended June 30, 2005

With

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Education
Rossford Exempted Village School District
601 Superior St.
Rossford, OH 43460-1247

We have reviewed the *Independent Auditors' Report* of the Rossford Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2004 through June 30, 2005. 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 black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 9, 2006

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ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

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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, Ohio:

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, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Rossford Exempted Village School District, Ohio, as of June 30, 2005, and the respective changes in financial position thereof and the budgetary comparisons for the General Fund and Other Local Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 19 and 20, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosure* and GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers* for the year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2006 on our consideration of the 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, Hackett & Co.

Cincinnati, Ohio
July 13, 2006

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005
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, 2005. 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 2005 are listed below:

The assets of the District exceeded its liabilities at year-end by \$10,179,095. Of this amount, \$3,578,011 may be used to meet the government's ongoing obligations to citizens and creditors.

In total, net assets increased \$298,439.

The District had \$22,164,830 in expenses related to governmental activities; only \$3,200,365 of these expenses was offset by program specific charges for services, grants or contributions. General revenue of \$19,262,904, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.

The General Fund balance decreased by \$165,915 from \$1,570,649 at June 30, 2004 to \$1,404,734 at June 30, 2005. The Other Local Grants Special Revenue Fund balance increased by \$220,742 from \$2,167,182 at June 30, 2004 to \$2,387,924 at June 30, 2005.

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 2005?" 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, 2005
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 a 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, 2005
Unaudited
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the District's net assets for fiscal year 2005 compared to fiscal year 2004.

**Table 1
Governmental Activities**

	<u>2005</u>	<u>2004</u>
<u>Assets:</u>		
Current and Other Assets	\$22,885,343	\$20,952,714
Capital Assets, Net	6,400,149	6,160,181
Total Assets	<u>29,285,492</u>	<u>27,112,895</u>
<u>Liabilities:</u>		
Current and Other Liabilities	17,773,733	16,012,892
Long-Term Liabilities	1,332,664	1,219,347
Total Liabilities	<u>19,106,397</u>	<u>17,232,239</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	6,400,149	6,160,181
Restricted	200,935	2,018,656
Unrestricted	3,578,011	1,701,819
Total	<u>\$10,179,095</u>	<u>\$9,880,656</u>

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

Governmental Activities during fiscal year 2005

Table 2 reflects the changes in net assets for fiscal year 2005 compared to fiscal year 2004.

**Table 2
Governmental Activities**

	<u>2005</u>	<u>2004</u>
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$995,150	\$759,809
Operating Grants and Contributions	2,187,050	885,262
Capital Grants and Contributions	18,165	
Total Program Revenues	<u>3,200,365</u>	<u>1,645,071</u>
General Revenues:		
Property Taxes	15,514,632	15,845,366
Grants and Entitlements	3,558,532	4,785,680
Gifts and Donations	6,506	46,266
Investment earnings	138,540	62,121
Miscellaneous	44,694	117,880
Total General Revenues	<u>19,262,904</u>	<u>20,857,313</u>
Total Revenues	<u>22,463,269</u>	<u>22,502,384</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005
Unaudited
(Continued)**

<u>Expenses:</u>		
Instruction	12,732,789	10,835,384
Support Services:		
Pupils	1,608,816	1,328,604
Instructional Staff	984,654	947,858
Board of Education	34,683	53,974
Administration	1,880,473	1,824,148
Fiscal	334,580	350,384
Business	119,458	125,182
Operation and Maintenance of Plant	1,922,810	1,892,596
Pupil Transportation	791,668	817,838
Central	330,727	357,267
Non-Instructional Services	754,131	689,444
Extracurricular	670,041	607,159
Interest and fiscal charges		11,549
Total Expenses	<u>22,164,830</u>	<u>19,841,387</u>
Increase in Net Assets	<u>\$298,439</u>	<u>\$2,660,997</u>

Of the total governmental activities revenues of \$22,463,269, \$3,200,365 (14%) 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, 69% or \$15,514,632 comes from property tax levies and 16% or \$3,558,532 is from state and federal funding. The District's operations are reliant upon its property tax levy and the state's foundation program.

The change in revenues was insignificant.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005
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 14% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$12,790,172, but program revenue contributed to fund 10% of those costs. Thus, general revenues of \$11,452,866 were used to support the 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
	2005	2005	2004	2004
Instruction	\$12,732,789	\$11,395,483	\$10,835,384	\$9,853,853
Support Services:				
Pupils	1,608,816	1,608,816	1,328,604	1,321,646
Instructional Staff	984,654	980,514	947,858	943,718
Board of Education	34,683	34,683	53,974	53,974
Administration	1,880,473	1,880,473	1,824,148	1,824,148
Fiscal	334,580	334,580	350,384	350,384
Business	119,458	119,458	125,182	125,182
Operation and Maintenance of Plant	1,922,810	1,922,810	1,892,596	1,892,596
Pupil Transportation	791,668	791,668	817,838	817,838
Central	330,727		357,267	357,267
Non-Instructional Services	754,131	51,002	689,444	217,841
Extracurricular	670,041	438,702	607,159	426,320
Interest and Fiscal Charges			11,549	11,549
Total Expenses	\$22,164,830	\$19,558,189	\$19,841,387	\$18,196,316

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, 2005
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 2005, the District amended its General Fund budget as needed.

Final expenditures were budgeted at 19,447,582 while actual expenditures were \$19,268,363. The \$179,219 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 \$527,837. During fiscal year 2005, 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 2005 the District had \$6,400,149 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	432,157
Buildings and Improvements	4,222,498
Furniture and Equipment	979,994
Vehicles	357,000
TOTAL	<u>\$6,400,149</u>

Debt

At June 30, 2005 the District had no outstanding debt.

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, 2005
Unaudited
(Continued)**

The District is currently operating in the first year of the state biennium budget. According to the 2005 Local District Report Card, 76.7% of District revenue sources are from local funds, 18.6% is 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 2004 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, 2005**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	6,179,307
Materials and Supplies Inventory		5,169
Accounts Receivable		9,600
Intergovernmental Receivable		199,368
Taxes Receivable		16,491,899
Non-Depreciable Capital Assets		408,500
Depreciable Capital Assets, net		5,991,649
Total Assets		<u>29,285,492</u>
 LIABILITIES:		
Accounts Payable		92,101
Accrued Wages and Benefits		2,271,010
Intergovernmental Payable		497,167
Matured Compensated Absences Payable		145,199
Unearned Revenue		14,768,256
Long-Term Liabilities:		
Due within One Year		220,861
Due in More Than One Year		1,111,803
Total Liabilities		<u>19,106,397</u>
 NET ASSETS:		
Invested in Capital Assets		6,400,149
Restricted for Capital Outlay		8,311
Restricted for Other Purposes		192,624
Unrestricted		3,578,011
Total Net Assets	\$	<u><u>10,179,095</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, 2005**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 10,577,939	\$ 446,210	\$ 194,428	\$ 18,165
Special	1,902,966		678,503	
Vocational	224,181			
Adult/Continuing	27,703			
Support Services:				
Pupils	1,608,816			
Instructional Staff	984,654		4,140	
Board of Education	34,683			
Administration	1,880,473			
Fiscal	334,580			
Business	119,458			
Operation and Maintenance of Plant	1,922,810			
Pupil Transportation	791,668			
Central	330,727		924,451	
Operation of Non-Instructional Services	754,131	317,601	385,528	
Extracurricular Activities	670,041	231,339		
Totals	\$ 22,164,830	\$ 995,150	\$ 2,187,050	\$ 18,165
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				15,514,632
Grants and Entitlements not Restricted to Specific Programs				3,558,532
Gifts and Donations				6,506
Investment Earnings				138,540
Miscellaneous				44,694
Total General Revenues				19,262,904
Change in Net Assets				298,439
Net Assets Beginning of Year				9,880,656
Net Assets End of Year				\$ 10,179,095

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2005**

	General Fund	Other Local Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 3,437,478	\$ 2,390,499	\$ 313,402	\$ 6,141,379
Materials and Supplies Inventory			5,169	5,169
Accounts Receivable	9,575		25	9,600
Interfund Receivable	6,697			6,697
Intergovernmental Receivable			199,368	199,368
Taxes Receivable	16,491,899			16,491,899
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	37,928			37,928
Total Assets	\$ 19,983,577	\$ 2,390,499	\$ 517,964	\$ 22,892,040
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 73,856	\$ 2,575	\$ 15,670	\$ 92,101
Accrued Wages and Benefits	2,129,240		141,770	2,271,010
Interfund Payable			6,697	6,697
Intergovernmental Payable	474,273		22,894	497,167
Matured Compensated Absences Payable	145,199			145,199
Deferred Revenue	15,756,275		64,704	15,820,979
Total Liabilities	18,578,843	2,575	251,735	18,833,153
Fund Balances				
Reserved:				
Reserved for Encumbrances	259,207	180,429	36,996	476,632
Reserved for Inventory			5,169	5,169
Reserved for Property Taxes	735,624			735,624
Reserved for Capital Improvements	37,928			37,928
Unreserved, Undesignated, Reported in:				
General Fund	371,975			371,975
Special Revenue Funds		2,207,495	129,866	2,337,361
Capital Projects Funds			94,198	94,198
Total Fund Balances	1,404,734	2,387,924	266,229	4,058,887
Total Liabilities and Fund Balances	\$ 19,983,577	\$ 2,390,499	\$ 517,964	\$ 22,892,040

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, 2005**

Total Governmental Fund Balances	\$	4,058,887
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.		6,400,149
Receivables that do not provide financial resources are not reported as revenues in governmental fund.		1,052,723
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Compensated Absences Payable	<u>(1,332,664)</u>	<u>(1,332,664)</u>
Net Assets of Governmental Activities	\$	<u><u>10,179,095</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, 2005**

	<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	\$ 15,186,890	\$	\$	\$ 15,186,890
Intergovernmental	3,558,532	918,423	1,268,708	5,745,663
Interest	138,540			138,540
Tuition and Fees	409,049		23,866	432,915
Rent	13,295			13,295
Extracurricular Activities			231,339	231,339
Gifts and Donations			6,506	6,506
Customer Sales and Services			317,601	317,601
Miscellaneous	36,212		8,482	44,694
Total Revenues	<u>19,342,518</u>	<u>918,423</u>	<u>1,856,502</u>	<u>22,117,443</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	9,962,258	55,320	199,566	10,217,144
Special	1,449,815		467,721	1,917,536
Vocational	223,087			223,087
Adult/Continuing	27,001		702	27,703
Support Services:				
Pupils	1,475,787	4,026	155,303	1,635,116
Instructional Staff	890,253		92,203	982,456
Board of Education	34,683			34,683
Administration	1,843,095		1,257	1,844,352
Fiscal	330,407			330,407
Business	119,117			119,117
Operation and Maintenance of Plant	1,701,065	412,422	2,448	2,115,935
Pupil Transportation	765,943		6,463	772,406
Central	219,825	208,671	1,948	430,444
Operation of Non-Instructional Services		14,242	749,250	763,492
Extracurricular Activities	410,313		257,729	668,042
Capital Outlay	4,272	3,000	202,289	209,561
Total Expenditures	<u>19,456,921</u>	<u>697,681</u>	<u>2,136,879</u>	<u>22,291,481</u>
Excess of Revenues Over (Under) Expenditures	<u>(114,403)</u>	<u>220,742</u>	<u>(280,377)</u>	<u>(174,038)</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In			51,512	51,512
Transfers Out	(51,512)			(51,512)
Total Other Financing Sources and Uses	<u>(51,512)</u>	<u></u>	<u>51,512</u>	<u></u>
Net Change in Fund Balances	(165,915)	220,742	(228,865)	(174,038)
Fund Balance (Deficit) at Beginning of Year (restated)	1,570,649	2,167,182	495,094	4,232,925
Fund Balance (Deficit) at End of Year	<u>\$ 1,404,734</u>	<u>\$ 2,387,924</u>	<u>\$ 266,229</u>	<u>\$ 4,058,887</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, 2005**

Net Change in Fund Balances - Total Governmental Funds \$ (174,038)

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	729,512	
Depreciation	<u>(487,280)</u>	
		242,232

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		(2,264)
-------------------------------------------	--	---------

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	18,084	
Delinquent Property Taxes	<u>327,742</u>	
		345,826

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable	<u>(113,317)</u>	
		<u>(113,317)</u>

Change in Net Assets of Governmental Activities		\$ <u><u>298,439</u></u>
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See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 15,734,953	\$ 15,734,953	\$ 15,562,875	\$ (172,078)
Intergovernmental	3,401,454	3,573,354	3,558,532	(14,822)
Interest	60,000	124,400	138,540	14,140
Tuition and Fees	201,000	319,700	409,395	89,695
Rent	10,000	13,300	13,295	(5)
Miscellaneous	10,000	10,000	8,380	(1,620)
Total Revenues	<u>19,417,407</u>	<u>19,775,707</u>	<u>19,691,017</u>	<u>(84,690)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	9,766,407	9,630,596	9,599,368	31,228
Special	1,580,833	1,427,120	1,417,333	9,787
Vocational	220,595	229,560	226,641	2,919
Adult/Continuing	15,955	27,455	27,001	454
Support Services:				
Pupils	1,293,010	1,454,543	1,447,762	6,781
Instructional Staff	822,009	888,462	879,628	8,834
Board of Education	50,391	42,391	35,965	6,426
Administration	1,579,134	1,837,606	1,823,762	13,844
Fiscal	302,621	338,653	333,827	4,826
Business	110,324	129,333	120,201	9,132
Operation and Maintenance of Plant	1,698,505	1,814,520	1,793,487	21,033
Pupil Transportation	842,022	902,942	881,523	21,419
Central	230,266	242,654	221,503	21,151
Operation of Non-Instructional Services	273	1,050	959	91
Extracurricular Activities	429,054	406,262	396,922	9,340
Capital Outlay	4,800	4,800	4,272	528
Total Expenditures	<u>18,946,199</u>	<u>19,377,947</u>	<u>19,210,154</u>	<u>167,793</u>
Excess of Revenues Over (Under) Expenditures	<u>471,208</u>	<u>397,760</u>	<u>480,863</u>	<u>83,103</u>
Other Financing Sources and Uses:				
Refund of Prior Year Expenditures	75,000	97,400	97,460	60
Advances In		7,800	7,723	(77)
Transfers Out	(57,165)	(57,165)	(51,512)	5,653
Advances Out	(12,470)	(12,470)	(6,697)	5,773
Total Other Financing Sources and Uses	<u>5,365</u>	<u>35,565</u>	<u>46,974</u>	<u>11,409</u>
Net Change in Fund Balances	476,573	433,325	527,837	94,512
Fund Balance at Beginning of Year	2,515,913	2,515,913	2,515,913	-
Prior Year Encumbrances Appropriated	107,790	107,790	107,790	-
Fund Balance at End of Year	<u>\$ 3,100,276</u>	<u>\$ 3,057,028</u>	<u>\$ 3,151,540</u>	<u>\$ 94,512</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OTHER LOCAL GRANTS
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 1,119,823	\$ 1,119,823	\$ 918,423	\$ (201,400)
Total Revenues	<u>1,119,823</u>	<u>1,119,823</u>	<u>918,423</u>	<u>(201,400)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	344,182	167,482	99,669	67,813
Support Services:				
Pupils	273,000	266,000	4,026	261,974
Operation and Maintenance of Plant	60,000	508,000	422,877	85,123
Pupil Transportation		124,150	124,150	
Central	236,000	234,000	209,953	24,047
Operation of Non-Instructional Services	41,500	41,500	14,435	27,065
Capital Outlay	<u>2,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Expenditures	<u>956,682</u>	<u>1,344,132</u>	<u>878,110</u>	<u>466,022</u>
Excess of Revenues Over (Under) Expenditures	163,141	(224,309)	40,313	264,622
Fund Balance (Deficit) at Beginning of Year	2,023,584	2,023,584	2,023,584	
Prior Year Encumbrances Appropriated	143,597	143,597	143,597	
Fund Balance (Deficit) at End of Year	<u>\$ 2,330,322</u>	<u>\$ 1,942,872</u>	<u>\$ 2,207,494</u>	<u>\$ 264,622</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, 2005**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>37,999</u>	\$ <u>43,168</u>
Total Assets	<u>37,999</u>	<u>43,168</u>
Liabilities		
Current Liabilities:		
Undistributed Monies	<u>-</u>	<u>43,168</u>
Total Liabilities	<u>-</u>	<u>43,168</u>
Net Assets		
Held in Trust for Scholarships	<u>37,999</u>	<u>-</u>
Total Net Assets	<u>\$ <u>37,999</u></u>	<u>\$ <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, 2005**

	<u>Private Purpose Trust</u>
ADDITIONS:	
Contributions and Interest	\$ <u>2,725</u>
Total Additions	<u>2,725</u>
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>4,096</u>
Total Deductions	<u>4,096</u>
Change in Net Assets	(1,371)
Net Assets Beginning of Year	<u>39,370</u>
Net Assets End of Year	\$ <u><u>37,999</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, 2005**

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 281st largest in the State of Ohio (among 612 school districts) in terms of enrollment and provides services to approximately 2,059 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 Workers' 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, 2005
(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 activities 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, 2005
(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.

The other governmental funds of the District account for grants and other resources of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds, used to account for Student Activities, 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.

Agency funds do not report a measurement focus as they do not report operations.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

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, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

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 2005 is as follows:

1. 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 2005.
2. 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.

3. 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.
4. 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.
5. 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, 2005
(Continued)**

6. 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 2005, 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 2005. 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, 2005.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2005 was \$138,540, which included \$72,041 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 the 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 the 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 purchased, except for the Food Service Fund. Inventories of the Food Service Fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

I. Capital Assets

Capital assets, which include 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:

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

J. Interfund Balances

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

K. Compensated Absences

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, 2005.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that has matured and is due for payment. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, 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.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. 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.

N. 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, capital improvement 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.

O. Interfund Transactions

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

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

P. 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).

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

	General	Other Local Grants
GAAP Basis	(\$165,915)	\$220,742
Increase (Decrease) Due To:		
Revenue Accruals:		
Accrued FY 2004, Received In Cash FY 2005	1,191,158	
Accrued FY 2005, Not Yet Received in Cash	(842,659)	
Expenditure Accruals:		
Accrued FY 2004, Paid in Cash FY 2005	(2,251,936)	
Accrued FY 2005, Not Yet Paid in Cash	2,920,028	2,575
Advances Net	1,026	
Encumbrances Outstanding at Year End (Budget Basis)	(323,865)	(183,004)
Budget Basis	\$527,837	\$40,313

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$100,168 of the District's bank balance of \$201,968 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2005, the District had the following investments:

	<u>Carrying and Fair Value</u>	<u>Maturity</u>	<u>% of Total</u>
Repurchase Agreement	\$4,255,615	N/A	68%
STAR Ohio	1,962,770	N/A	32%
Total Investments	<u>\$6,218,385</u>		

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

Credit Risk - STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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, 2005, are available to finance fiscal year 2006 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, 2005. 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, 2005, was \$735,624 in the General Fund. The assessed values upon which the fiscal year 2005 taxes were collected:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$272,406,640	69%	\$280,526,670	69%
Public Utility	10,828,560	3%	10,856,290	3%
Tangible Personal Property	108,586,866	28%	113,209,295	28%
Total Assessed Value	<u>\$391,822,066</u>	<u>100%</u>	<u>\$404,592,255</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$55.50		\$55.50	

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$6,697 that consists of amounts due from nonmajor governmental funds. These interfund loans were made to provide operating capital. During the year ended June 30, 2005, the General Fund made transfers of \$51,512 to nonmajor governmental funds. Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance at 6/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/05</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	\$141,650		1,505,150
Buildings and Improvements	9,864,839	282,817		10,147,656
Furniture and Equipment	3,109,195	305,045	\$13,003	3,401,237
Vehicles	1,308,393		22,571	1,285,822
Total Depreciable Capital Assets	<u>15,645,927</u>	<u>729,512</u>	<u>35,574</u>	<u>16,339,865</u>
Less Accumulated Depreciation				
Land Improvements	1,043,833	29,160		1,072,993
Buildings and Improvements	5,733,467	191,691		5,925,158
Furniture and Equipment	2,192,139	239,843	10,739	2,421,243
Vehicles	924,807	26,586	22,571	928,822
Total Accumulated Depreciation	<u>9,894,246</u>	<u>487,280</u>	<u>33,310</u>	<u>10,348,216</u>
Depreciable Capital Assets, Net	<u>5,751,681</u>	<u>242,232</u>	<u>2,264</u>	<u>5,991,649</u>
Governmental Activities Capital Assets, Net	<u>\$6,160,181</u>	<u>\$242,232</u>	<u>\$2,264</u>	<u>\$6,400,149</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$330,059
Special	10,939
Support Services:	
Pupil	5,380
Instructional Staff	1,321
Administration	2,189
Operation and Maintenance of Plant	11,119
Pupil Transportation	20,194
Central	70,833
Non-Instruction	12,444
Extracurricular activities	1,920
Capital Outlay	20,882
Total Depreciation Expense	<u>\$487,280</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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 2005, 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 2005, 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 2005, 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.

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, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' website, www.ohsers.org, under forms and publications.

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 requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were approximately \$393,000, \$406,000, and \$356,000, respectively. Approximately 45 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. The liability for fiscal year 2005 is recorded as a liability within the respective funds.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

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, 2005, 2004, and 2003 were approximately \$1,405,000, \$1,278,000 and \$1,196,000 respectively. Approximately 83 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. The unpaid contribution for fiscal year 2005 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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, 2005 and 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 \$3.3 billion on June 30, 2005.

For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. 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, 2005, the allocation rate is 3.43%. 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 2005, the minimum pay has been established as \$27,400. 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. Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated net claims.

The number of participants currently receiving health care benefits is approximately 58,123.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

12. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2005 were as follows:

	Balance at June 30, 2004	Additions	Reductions	Balance at June 30, 2005	Amounts Due In One Year
Compensated absences payable	\$1,219,347	\$1,332,664	\$1,219,347	\$1,332,664	\$220,861
Total	<u>\$1,219,347</u>	<u>\$1,332,664</u>	<u>\$1,219,347</u>	<u>\$1,332,664</u>	<u>\$220,861</u>

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

The District's voted legal debt margin was \$36,413,303 with an unvoted debt margin of \$404,592 at June 30, 2005.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

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 reinsured through commercial companies for excess claims.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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, 2005.

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.

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, 2004	(\$57,529)	
Current Year set-aside requirement	269,792	\$269,792
Less qualifying disbursements and offsets	(398,128)	(231,864)
Total	(\$185,865)	\$37,928
Cash Balance Carried Forward to FY 2006	(\$185,865)	\$37,928

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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.

19. CHANGE IN ACCOUNTING PRINCIPLE

The District has elected to implement Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, which amends GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements. Implementation of GASB 40 has no impact on the District's financial position or results of operations.

20. RESTATEMENT OF FUND BALANCES

The District has implemented GASB Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.* This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

The implementation of this Bulletin had the following effect on fund balance of the General Fund as previously reported at June 30, 2004:

	General Fund
Fund Balance, June 30, 2004	\$1,737,273
GASB Technical Bulletin No. 2004-02	(166,624)
Restated Fund Balance, June 30, 2004	<u>\$1,570,649</u>

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

<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>				
<i>Passed through Ohio Department of Education</i>				
Nutrition Cluster:				
Food Donation	N/A	10.550	25,543	25,543
School Breakfast Program	05-PU	10.553	\$ 22,911	22,911
National School Lunch Program	04-PU	10.555	177,642	177,642
Total U.S. Department of Agriculture			<u>226,096</u>	<u>226,096</u>
<u>U.S. Department of Education:</u>				
<i>Passed through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States	6B-SF	84.027	468,391	426,885
Special Education Preschool Grants	PG - S1	84.173	17,072	16,304
			<u>485,463</u>	<u>443,189</u>
Title I Grants to Local Educational Agencies	C1-S1	84.010	174,691	167,797
Safe and Drug Free Schools and Communities State Grants	DR-S1	84.186	7,391	7,391
State Grants for Innovative Programs	C2-S1	84.298	13,954	11,745
Education Technology State Grants	TJ-S1	84.318	10,067	8,279
Improving Teacher Quality State Grants	TR-S1	84.367	66,719	67,155
Total U.S. Department of Education			<u>758,285</u>	<u>705,556</u>
<u>U.S. Department of Health and Human Services:</u>				
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
State Children's Insurance Program	N/A	93.767	20,660	20,660
Medical Assistance Program	N/A	93.778	5,624	5,624
Total U.S. Department of Health and Human Services			<u>26,284</u>	<u>26,284</u>
Total Federal Awards			\$ <u>1,010,665</u>	<u>957,936</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, Ohio:

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, Ohio (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 13, 2006, wherein we noted that the District implemented Governmental Accounting Standards Board Statement No. 40 and Governmental Accounting Standards Board Technical Bulletin 2004-2. 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 the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 the 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*.

We also noted certain matters that we reported to management of the District in a separate letter dated July 13, 2006.

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, Haskett & Co.

Cincinnati, Ohio
July 13, 2006



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, Ohio:

Compliance

We have audited the compliance of Rossford Exempted Village School District, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The 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 the District's management. Our responsibility is to express an opinion on the 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 the 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 the District's compliance with those requirements.

In our opinion, the 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, 2005.

Internal Control Over Compliance

The management of the 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 the 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
July 13, 2006

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

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?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
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)?	none
Identification of major programs: <i>Special Education Cluster (CFDA's 84.027 and 84.173)</i>	
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, OHIO

Schedule of Prior Audit Findings

Year Ended June 30, 2005

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
OCTOBER 19, 2006**