

**ROSSFORD EXEMPTED VILLAGE
SCHOOL DISTRICT, OHIO**

Basic Financial Statements

Year Ended June 30, 2007

With

Independent Auditors' Report



Mary Taylor, CPA
Auditor of State

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

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, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 15, 2008

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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:

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 (the School District) as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District as of June 30, 2007, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2008 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. 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 of the School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
April 25, 2008

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007
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, 2007. 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 2007 are listed below:

The assets of the District exceeded its liabilities at year-end by \$14,065,804. Of this amount, \$4,828,182 may be used to meet the government's ongoing obligations to citizens and creditors.

In total, net assets increased \$2,449,402.

The District had \$23,793,360 in expenses related to governmental activities; only \$3,450,102 of these expenses was offset by program specific charges for services, grants or contributions. General revenue of \$22,792,660, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.

The General Fund balance increased by \$3,106,569 from \$2,871,521 at June 30, 2006 to \$5,978,090 at June 30, 2007.

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 is the only major fund.

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 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to 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, 2007
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 fund is the General 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, 2007
Unaudited
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the District's net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 1
Governmental Activities**

	2007	2006
<u>Assets:</u>		
Current and Other Assets	\$30,258,858	\$25,983,067
Capital Assets, Net	6,010,997	6,304,749
Total Assets	<u>36,269,855</u>	<u>32,287,816</u>
<u>Liabilities:</u>		
Current and Other Liabilities	20,525,897	19,021,587
Long-Term Liabilities	1,678,154	1,649,827
Total Liabilities	<u>22,204,051</u>	<u>20,671,414</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	6,010,997	6,304,749
Restricted	3,226,625	2,996,214
Unrestricted	4,828,182	2,315,439
Total	<u>\$14,065,804</u>	<u>\$11,616,402</u>

Current assets increased by just under \$4 million dollars, primarily due to an increase in cash (\$1.8 million) and of taxes receivable (\$2.3 million). Conservative spending and the timing of tax distribution were the key factors.

Governmental Activities during fiscal year 2007

Table 2 reflects the changes in net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 2
Governmental Activities**

	2007	2006
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$1,076,700	\$932,838
Operating Grants and Contributions	2,273,804	2,283,131
Capital Grants and Contributions	99,598	
Total Program Revenues	<u>3,450,102</u>	<u>3,215,969</u>
General Revenues:		
Property Taxes	17,829,081	16,919,136
Grants and Entitlements	4,379,599	3,483,538
Gifts and Donations	12,785	6,360
Investment earnings	432,498	266,629
Miscellaneous	138,697	103,854
Total General Revenues	<u>22,792,660</u>	<u>20,779,517</u>
Total Revenues	<u>26,242,762</u>	<u>23,995,486</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007
Unaudited
(Continued)**

<u>Expenses:</u>		
Instruction	13,197,571	12,926,023
Support Services:		
Pupils	1,803,649	1,601,549
Instructional Staff	1,074,154	903,737
Board of Education	40,204	51,644
Administration	1,932,611	1,892,955
Fiscal	403,145	407,100
Business	115,523	116,236
Operation and Maintenance of Plant	2,220,883	1,958,470
Pupil Transportation	923,285	860,331
Central	525,174	349,324
Non-Instructional Services	870,531	809,665
Extracurricular	686,630	681,145
Total Expenses	<u>23,793,360</u>	<u>22,558,179</u>
Increase in Net Assets	<u>\$2,449,402</u>	<u>\$1,437,307</u>

Of the total governmental activities revenues of \$26,242,762, \$3,450,102 (13%) 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, 68% or \$17,829,081 comes from property tax levies and 17% or \$4,379,599 comes from state funding. The District's operations are reliant upon its property tax levy and the state's foundation program.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007
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 15% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$13,029,454, but program revenue contributed to fund 12% of those costs. Thus, general revenues of \$11,492,089 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
	2007	2007	2006	2006
Instruction	\$13,197,571	\$11,660,206	\$12,926,023	\$11,631,407
Support Services:				
Pupils	1,803,649	1,793,730	1,601,549	1,589,114
Instructional Staff	1,074,154	1,069,213	903,737	899,812
Board of Education	40,204	40,204	51,644	51,644
Administration	1,932,611	1,932,611	1,892,955	1,892,955
Fiscal	403,145	403,145	407,100	407,100
Business	115,523	115,523	116,236	116,236
Operation and Maintenance of Plant	2,220,883	2,220,883	1,958,470	1,958,470
Pupil Transportation	923,285	823,687	860,331	860,331
Central	525,174	(292,953)	349,324	(518,157)
Non-Instructional Services	870,531	116,316	809,665	39,128
Extracurricular	686,630	460,693	681,145	414,170
Total Expenses	\$23,793,360	\$20,343,258	\$22,558,179	\$19,342,210

The increase in expenses was attributed to increases in wages and health benefits, and increased fuel costs.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007
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 2007, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$21,429,213 while actual expenditures were \$20,934,502. The \$494,711 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. Actual General Fund revenues were more than expenditures by \$1,546,491. During fiscal year 2007, interest revenue increased due to the favorable economy. Open enrollment dollars for outgoing students were recorded as expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007 the District had \$6,010,997 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	373,177
Buildings and Improvements	3,829,546
Furniture and Equipment	812,967
Vehicles	586,807
TOTAL	<u>\$6,010,997</u>

Debt

At June 30, 2007 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, 2007
Unaudited
(Continued)**

The District remains in a good, yet guarded 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, 2007**

		<u>Governmental Activities</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	9,849,232
Materials and Supplies Inventory		16,098
Accounts Receivable		44,996
Intergovernmental Receivable		334,436
Taxes Receivable		20,014,096
Non-Depreciable Capital Assets		408,500
Depreciable Capital Assets, net		<u>5,602,497</u>
Total Assets		<u><u>36,269,855</u></u>
 LIABILITIES:		
Accounts Payable		99,513
Accrued Wages and Benefits		2,468,639
Intergovernmental Payable		501,174
Matured Compensated Absences Payable		266,414
Unearned Revenue		17,190,157
Long-Term Liabilities:		
Due Within One Year		296,611
Due in More Than One Year		<u>1,381,543</u>
Total Liabilities		<u><u>22,204,051</u></u>
 NET ASSETS:		
Invested in Capital Assets		6,010,997
Restricted for Capital Outlay		94,198
Restricted for Other Purposes		3,132,427
Unrestricted		<u>4,828,182</u>
Total Net Assets	\$	<u><u>14,065,804</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, 2007**

Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 10,583,176	\$ 510,303	\$ 207,191	\$ (9,865,682)
Special	2,358,260		813,184	(1,545,076)
Vocational	232,848		6,687	(226,161)
Adult/Continuing	23,287			(23,287)
Support Services:				
Pupils	1,803,649	9,919		(1,793,730)
Instructional Staff	1,074,154		4,941	(1,069,213)
Board of Education	40,204			(40,204)
Administration	1,932,611			(1,932,611)
Fiscal	403,145			(403,145)
Business	115,523			(115,523)
Operation and Maintenance of Plant	2,220,883			(2,220,883)
Pupil Transportation	923,285			(823,687)
Central	525,174		818,127	292,953
Operation of Non-Instructional Services	870,531	330,541	423,674	(116,316)
Extracurricular Activities	686,630	225,937		(460,693)
Totals	\$ 23,793,360	\$ 1,076,700	\$ 2,273,804	\$ 99,598
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				17,829,081
Grants and Entitlements not Restricted to Specific Programs				4,379,599
Gifts and Donations				12,785
Investment Earnings				432,498
Miscellaneous				138,697
Total General Revenues				22,792,660
Change in Net Assets				2,449,402
Net Assets Beginning of Year				11,616,402
Net Assets End of Year				\$ 14,065,804

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,205,986	\$ 3,118,736	\$ 9,324,722
Materials and Supplies Inventory		16,098	16,098
Accounts Receivable	38,805	6,191	44,996
Interfund Receivable	18,877		18,877
Intergovernmental Receivable		334,436	334,436
Taxes Receivable	20,014,096		20,014,096
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	524,510		524,510
Total Assets	\$ 26,802,274	\$ 3,475,461	\$ 30,277,735
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 68,060	\$ 31,453	\$ 99,513
Accrued Wages and Benefits	2,298,435	170,204	2,468,639
Interfund Payable		18,877	18,877
Intergovernmental Payable	478,850	22,324	501,174
Matured Compensated Absences Payable	260,436	5,978	266,414
Deferred Revenue	17,718,403	251,693	17,970,096
Total Liabilities	20,824,184	500,529	21,324,713
Fund Balances			
Reserved:			
Reserved for Encumbrances	282,723	77,476	360,199
Reserved for Inventory		16,098	16,098
Reserved for Property Taxes	2,295,693		2,295,693
Reserved for Capital Improvements	524,510		524,510
Unreserved, Undesignated, Reported in:			
General Fund	2,875,164		2,875,164
Special Revenue Funds		2,787,160	2,787,160
Capital Projects Funds		94,198	94,198
Total Fund Balances	5,978,090	2,974,932	8,953,022
Total Liabilities and Fund Balances	\$ 26,802,274	\$ 3,475,461	\$ 30,277,735

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, 2007**

Total Governmental Fund Balances	\$	8,953,022
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		6,010,997
Receivables that do not provide financial resources are not reported as revenues in governmental fund.		779,939
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Early retirement incentive payable		(197,785)
Compensated Absences Payable		(1,480,369)
		(1,678,154)
Net Assets of Governmental Activities	\$	14,065,804

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, 2007**

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property and Other Local Taxes	\$ 18,394,580	\$	\$ 18,394,580
Intergovernmental	4,597,726	2,008,740	6,606,466
Interest	432,498		432,498
Tuition and Fees	504,803	9,919	514,722
Rent	5,500		5,500
Extracurricular Activities		225,937	225,937
Gifts and Donations		12,785	12,785
Customer Sales and Services		330,541	330,541
Miscellaneous	130,588	8,109	138,697
Total Revenues	<u>24,065,695</u>	<u>2,596,031</u>	<u>26,661,726</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	10,347,683	160,828	10,508,511
Special	1,817,500	507,492	2,324,992
Vocational	230,850		230,850
Adult/Continuing	20,897	2,390	23,287
Support Services:			
Pupils	1,633,250	157,071	1,790,321
Instructional Staff	961,483	115,359	1,076,842
Board of Education	40,204		40,204
Administration	1,914,242		1,914,242
Fiscal	379,672		379,672
Business	114,493	210	114,703
Operation and Maintenance of Plant	1,856,486	315,630	2,172,116
Pupil Transportation	869,432	8,144	877,576
Central	195,923	249,479	445,402
Operation of Non-Instructional Services	7,678	869,406	877,084
Extracurricular Activities	431,864	252,421	684,285
Capital Outlay	3,469	7,725	11,194
Total Expenditures	<u>20,825,126</u>	<u>2,646,155</u>	<u>23,471,281</u>
Excess of Revenues Over (Under) Expenditures	<u>3,240,569</u>	<u>(50,124)</u>	<u>3,190,445</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In		134,000	134,000
Transfers Out	(134,000)		(134,000)
Total Other Financing Sources and Uses	<u>(134,000)</u>	<u>134,000</u>	<u>0</u>
Net Change in Fund Balances	3,106,569	83,876	3,190,445
Fund Balance at Beginning of Year	2,871,521	2,891,056	5,762,577
Fund Balance at End of Year	<u>\$ 5,978,090</u>	<u>\$ 2,974,932</u>	<u>\$ 8,953,022</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, 2007**

Net Change in Fund Balances - Total Governmental Funds \$ 3,190,445

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 depreciation exceeds capital outlay in the current year.

Capital Outlay - Depreciable Capital Assets	259,727	
Depreciation	<u>(553,479)</u>	
		(293,752)

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

Intergovernmental	146,535	
Delinquent Property Taxes	<u>(565,499)</u>	
		(418,964)

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:

Early Retirement Incentive	(44,306)	
Compensated Absences Payable	<u>15,979</u>	
		<u>(28,327)</u>

Change in Net Assets of Governmental Activities		\$ <u><u>2,449,402</u></u>
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See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 15,806,967	\$ 16,306,967	\$ 16,929,791	\$ 622,824
Intergovernmental	3,830,000	3,830,000	4,597,726	767,726
Interest	275,000	425,000	432,498	7,498
Tuition and Fees	389,500	389,000	504,960	115,960
Rent	5,000	5,500	5,500	-
Miscellaneous	15,000	15,000	10,518	(4,482)
Total Revenues	<u>20,321,467</u>	<u>20,971,467</u>	<u>22,480,993</u>	<u>1,509,526</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	10,646,901	10,474,412	10,419,810	54,602
Special	1,967,336	1,932,152	1,848,154	83,998
Vocational	231,992	234,594	228,362	6,232
Adult/Continuing	30,000	30,000	20,897	9,103
Other	2,887	2,887		2,887
Support Services:				
Pupils	1,700,523	1,714,211	1,627,250	86,961
Instructional Staff	859,209	1,033,367	983,561	49,806
Board of Education	52,957	54,157	43,907	10,250
Administration	1,800,007	1,868,382	1,839,955	28,427
Fiscal	442,472	442,972	430,932	12,040
Business	119,270	120,170	116,555	3,615
Operation and Maintenance of Plant	1,530,266	1,922,141	1,879,195	42,946
Pupil Transportation	598,518	881,418	865,217	16,201
Central	231,569	256,836	201,127	55,709
Operation of Non-Instructional Services	1,070	1,070	457	613
Extracurricular Activities	446,044	456,444	425,654	30,790
Capital Outlay	4,000	4,000	3,469	531
Total Expenditures	<u>20,665,021</u>	<u>21,429,213</u>	<u>20,934,502</u>	<u>494,711</u>
Excess of Revenues Over (Under) Expenditures	<u>(343,554)</u>	<u>(457,746)</u>	<u>1,546,491</u>	<u>2,004,237</u>
Other Financing Sources and Uses:				
Advances In	10,000	10,000	9,737	(263)
Refund of Prior Year Expenditures	80,000	80,000	88,847	8,847
Transfers Out	(60,000)	(134,000)	(134,000)	-
Advances Out	(10,000)	(19,000)	(18,131)	869
Refund of Prior Year Receipts	(50)	(50)		50
Total Other Financing Sources and Uses	<u>19,950</u>	<u>(63,050)</u>	<u>(53,547)</u>	<u>9,503</u>
Net Change in Fund Balances	<u>(323,604)</u>	<u>(520,796)</u>	<u>1,492,944</u>	<u>2,013,740</u>
Fund Balance at Beginning of Year	4,524,635	4,524,635	4,524,635	-
Prior Year Encumbrances Appropriated	370,274	370,274	370,274	-
Fund Balance at End of Year	<u>\$ 4,571,305</u>	<u>\$ 4,374,113</u>	<u>\$ 6,387,853</u>	<u>\$ 2,013,740</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, 2007**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 33,514	64,771
Total Assets	<u>33,514</u>	<u>64,771</u>
Liabilities		
Current Liabilities:		
Undistributed Monies	<u> </u>	<u>64,771</u>
Total Liabilities	<u>-</u>	<u>64,771</u>
Net Assets		
Held in Trust for Scholarships	<u>33,514</u>	<u>-</u>
Total Net Assets	<u>\$ 33,514</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, 2007**

	<u>Private Purpose Trust</u>
ADDITIONS:	
Contributions and Interest	\$ 2,075
Total Additions	<u>2,075</u>
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>6,200</u>
Total Deductions	<u>6,200</u>
Change in Net Assets	(4,125)
Net Assets Beginning of Year	<u>37,639</u>
Net Assets End of Year	<u>\$ 33,514</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007**

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 291st largest in the State of Ohio (among 612 school districts) in terms of enrollment and provides services to approximately 2,033 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, 2007
(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. 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, 2007
(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 is the District's only major governmental fund:

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.

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 are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's private-purpose trust fund is used to account for scholarship programs while its agency funds are used to account for student activities.

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.

D. Basis of Accounting

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

Revenues - Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, and student fees.

Unearned/Deferred Revenue

Unearned 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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2007 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 2007.
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.
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.
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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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 2007, the District's investments were limited to repurchase agreements and non-negotiable certificates of deposit, federal agency securities and STAR Ohio. Repurchase agreements and non-negotiable certificates of deposit are reported at cost and federal agency securities were reported at fair value.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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, 2007.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2007 was \$432,498 which included \$224,899 assigned from other District funds.

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the Food Service Fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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, 2007.

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 "matured 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.

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 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists 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 improvements, 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

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.

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 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:

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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
GAAP Basis	\$3,106,569
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2006, Received In Cash FY 2007	917,413
Accrued FY 2007, Not Yet Received in Cash	(2,413,268)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(2,951,285)
Accrued FY 2007, Not Yet Paid in Cash	3,184,551
Advances Net	(8,394)
Encumbrances Outstanding at Year End (Budget Basis)	(342,642)
Budget Basis	\$1,492,944

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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.

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, \$579,803 of the District's bank balance of \$781,603 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

Investments

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

	<u>Carrying and Fair Value</u>	<u>Maturity</u>	<u>% of Total</u>
Repurchase Agreement	\$1,898,484	N/A	20%
Federal National Mortgage Association (FNMA)	493,884	08/08/07	5%
STAR Ohio	7,146,536	N/A	75%
Total Investments	<u>\$9,538,904</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. 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 AA 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. The District's investment in FNMA securities were rated AAA by Standard and Poor's and Aaa by Moody's. 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 Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. 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.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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, 2007, are available to finance fiscal year 2008 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, 2007. 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, 2007, was \$2,295,693 in the General Fund. The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$328,924,180	78%	\$326,495,970	83%
Public Utility	9,388,110	2%	9,608,630	2%
Tangible Personal Property	82,519,635	20%	58,631,899	15%
Total Assessed Value	<u>\$420,831,925</u>	<u>100%</u>	<u>\$394,736,499</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 \$18,887 that consists of amounts due from nonmajor governmental funds. These interfund loans were made to provide operating capital. During the year ended June 30, 2007, the General Fund made transfers of \$134,000 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, 2007
(Continued)**

7. CAPITAL ASSETS

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

	<u>Balance at 6/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/07</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	1,505,150			1,505,150
Buildings and Improvements	10,147,656			10,147,656
Furniture and Equipment	3,472,452	259,727	53,883	3,678,296
Vehicles	1,638,930			1,638,930
Total Depreciable Capital Assets	<u>16,764,188</u>	<u>259,727</u>	<u>53,883</u>	<u>16,970,032</u>
Less Accumulated Depreciation				
Land Improvements	1,103,134	28,839		1,131,973
Buildings and Improvements	6,121,631	196,479		6,318,110
Furniture and Equipment	2,664,389	254,823	53,883	2,865,329
Vehicles	978,785	73,338		1,052,123
Total Accumulated Depreciation	<u>10,867,939</u>	<u>553,479</u>	<u>53,883</u>	<u>11,367,535</u>
Depreciable Capital Assets, Net	<u>5,896,249</u>	<u>(293,752)</u>		<u>5,602,497</u>
Governmental Activities Capital Assets, Net	<u>\$6,304,749</u>	<u>(\$293,752)</u>		<u>\$6,010,997</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$359,559
Special	10,939
Support Services:	
Pupil	6,312
Instructional Staff	1,321
Administration	7,003
Operation and Maintenance of Plant	32,001
Pupil Transportation	43,569
Central	76,798
Non-Instruction	13,632
Extracurricular activities	2,345
Total Depreciation Expense	<u>\$553,479</u>

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

For fiscal year 2007, 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 2007, 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 defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at 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. The current District rate is 14 percent of annual covered payroll. The contribution requirements of the plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were approximately \$476,000, \$463,000, and \$393,000, respectively. Approximately 46 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. The liability for fiscal year 2007 is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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. 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.

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

The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2007, 2006, and 2005 were approximately \$1,456,000, \$1,446,000 and \$1,405,000 respectively. Approximately 83 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2006 and 2005. The unpaid contribution for fiscal year 2007 is recorded as a liability in the respective funds.

C. Social Security System

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

10. POSTEMPLOYMENT BENEFITS

As noted above, STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan. Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to retirees who participated in the defined benefit or combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Revised Code, the Retirement 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

STRS issues a stand-alone financial report. Interest parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2007, 2006 and 2005. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2007, 2006, and 2005 were approximately \$104,000, \$103,000, and \$100,000, respectively.

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007, the actuarially required allocation was .68%. The District contributions for the year ended June 30, 2007 were approximately \$23,000, which equaled the required contributions for the year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The District contributions for the years ended June 30, 2007, 2006, and 2005 were approximately \$114,000, \$113,000, and \$96,000, respectively.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Forms and Publications.

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 288 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 72 days.

B. Early Retirement Incentive Bonus Plan

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

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

12. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2006 were as follows:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2007</u>	<u>Amounts Due In One Year</u>
Early retirement Incentive	\$153,479	\$107,825	\$63,519	\$197,785	-
Compensated absences payable	1,496,348	\$1,480,369	1,496,348	\$1,480,369	\$296,611
Total	<u>\$1,649,827</u>	<u>\$1,588,194</u>	<u>\$1,559,867</u>	<u>\$1,678,154</u>	<u>\$296,611</u>

Compensated absences and early retirement incentives will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was \$35,526,285 with an unvoted debt margin of \$394,737 at June 30, 2007.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

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.

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, 2007.

B. Litigation

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the Basic Financial Statements
June 30, 2007
(Continued)**

17. REQUIRED SET-ASIDES

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

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2006	(\$188,888)	\$274,216
Current Year set-aside requirement	293,773	293,773
Less qualifying disbursements and offsets	(325,688)	(47,479)
Total	(216,803)	\$524,510
Cash Balance Carried Forward to FY 2008	(\$216,803)	\$524,510

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

<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>				
Food Donation	N/A	10.550	\$ 43,212	43,212
Nutrition Cluster:				
School Breakfast Program	05-PU	10.553	32,822	32,822
National School Lunch Program	LL-P4	10.555	<u>152,501</u>	<u>152,501</u>
			<u>185,323</u>	<u>185,323</u>
Total U.S. Department of Agriculture			<u>228,535</u>	<u>228,535</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	539,228	548,974
Special Education Preschool Grants	PG - S1	84.173	<u>19,390</u>	<u>19,527</u>
			<u>558,618</u>	<u>568,501</u>
Title I Grants to Local Educational Agencies	C1-S1	84.010	162,123	176,026
Safe and Drug Free Schools and Communities State Grants	DR-S1	84.186	5,647	5,647
State Grants for Innovative Programs	C2-S1	84.298	11,728	7,565
Education Technology State Grants	TJ-S1	84.318	5,162	5,089
Improving Teacher Quality State Grants	TR-S1	84.367	<u>54,634</u>	<u>56,800</u>
Total U.S. Department of Education			<u>797,912</u>	<u>819,628</u>
Total Federal Awards			\$ <u>1,026,447</u>	<u>1,048,163</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 School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

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

To the Board of Education
Rossford Exempted Village School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District (the School District) as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

We consider the deficiency described in the accompanying schedule of findings and questioned costs and labeled as 2007-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 noted certain matters that we reported to management of the School District in a separate letter dated April 25, 2008.

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

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

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
April 25, 2008



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

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

To the Board of Education
Rossford Exempted Village School District:

Compliance

We have audited the compliance of the Rossford Exempted Village School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Rossford Exempted Village School's major federal programs are identified in the summary of auditors' 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 School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Rossford Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

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

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

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

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

This report is intended solely for the information of management, the Board of Education, 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, Harkett & Co.

Cincinnati, Ohio
April 25, 2008

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

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
Significant deficiency(ies) identified not considered to be material weakness(es)?	yes
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	none
Significant deficiency(ies) identified not considered to be material weakness(es)?	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

Finding 2007-1 – Audit Adjustment

During the course of our audit, we identified a misstatement in the financial statements for the year under audit that was not initially identified by the School District's internal control over financial reporting. Throughout the year, the School District maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustment was necessary to correct an error made during the School District's conversion process related to its obligations under an early retirement incentive program. Liabilities were understated as no payables were recorded related to this program. An audit adjustment of approximately \$198,000 was recorded to account for the School District's obligation under the incentive program.

Management response: Management concurs with the finding.

Section III - Federal Award Findings and Questioned Costs

None

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2007

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.



Mary Taylor, CPA
Auditor of State

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
MAY 27, 2008**