



Mary Taylor, CPA
Auditor of State

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Windham Exempted Village School District
Portage County
9530 Bauer Avenue
Windham, Ohio 44288

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Windham Exempted Village School District, Portage County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Windham Exempted Village School District, Portage County, Ohio, as of June 30, 2009, 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.

The District is experiencing certain financial difficulties. These conditions and management's plans to address these conditions are described in Note 18.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is 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. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 11, 2010

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(Unaudited)

The management's discussion and analysis of the Windham Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities increased \$45,284 which represents a 0.21% increase from 2008.
- General revenues accounted for \$7,297,665 in revenue or 75.48% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,371,093 or 24.52% of total revenues of \$9,668,758.
- The District had \$9,623,474 in expenses related to governmental activities; only \$2,371,093 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,297,665 were adequate to provide for these programs.
- The District has one major governmental fund, the general fund. The general fund had \$8,008,332 in revenues and \$7,144,772 in expenditures. During fiscal year 2009, the general fund's fund deficit decreased \$864,322 from a deficit of \$393,701 to a balance of \$470,621.

Using the Basic Financial Statements (BFS)

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the 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 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

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

On the statement of net assets and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, food service operations, and interest and fiscal charges. The statement of net assets and statement of activities can be found on pages 13 and 14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19.

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. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-47 of this report.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

The District as a Whole

The table below provides a summary of the District's net assets at June 30, 2009 and June 30, 2008.

	Net Assets	
	Governmental Activities	Governmental Activities
	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current and other assets	\$ 3,392,122	\$ 2,846,433
Capital assets, net	<u>21,892,323</u>	<u>22,602,212</u>
Total assets	<u>25,284,445</u>	<u>25,448,645</u>
<u>Liabilities</u>		
Current liabilities	2,347,370	2,502,877
Long-term liabilities	<u>1,337,351</u>	<u>1,391,328</u>
Total liabilities	<u>3,684,721</u>	<u>3,894,205</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	21,216,040	21,866,494
Restricted	453,720	388,757
Unrestricted (deficit)	<u>(70,036)</u>	<u>(700,811)</u>
Total net assets	<u>\$ 21,599,724</u>	<u>\$ 21,554,440</u>

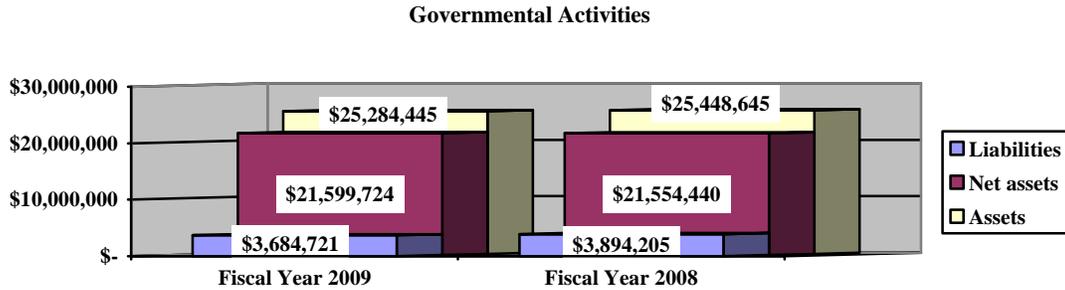
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$21,599,724. At year-end, restricted net assets were \$453,720, which are subject to external restriction on their use.

At year-end, capital assets represented 86.58% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009 were \$21,216,040. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

The graph below presents the District's assets, liabilities and net assets for fiscal years 2009 and 2008.



The table below shows the change in net assets for fiscal year 2009 compared to fiscal year 2008.

	Change in Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
	<hr/>	<hr/>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 375,777	\$ 464,766
Operating grants and contributions	1,990,822	2,193,774
Capital grants and contributions	4,494	2,644
General revenues:		
Property taxes	1,666,214	1,609,482
Grants and entitlements	5,571,720	5,498,164
Investment earnings	14,626	32,154
Other	45,105	14,619
	<hr/>	<hr/>
Total revenues	9,668,758	9,815,603

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**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(Unaudited)

Change in Net Assets (continued)

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	4,185,870	4,305,944
Special	1,536,550	1,544,087
Vocational	57,098	181,469
Adult/continuing	700	1,300
Other	50,222	38,979
Support services:		
Pupil	389,960	507,818
Instructional staff	430,633	442,859
Board of education	32,236	46,807
Administration	687,494	657,865
Fiscal	199,555	227,837
Business	10,491	13,102
Operations and maintenance	1,015,338	907,517
Pupil transportation	346,988	375,856
Central	39,069	25,997
Food service operations	384,585	385,235
Extracurricular activities	217,591	239,831
Interest and fiscal charges	39,094	42,955
Total expenses	<u>9,623,474</u>	<u>9,945,458</u>
Change in net assets	45,284	(129,855)
Net assets at beginning of year	<u>21,554,440</u>	<u>21,684,295</u>
Net assets at end of year	<u>\$ 21,599,724</u>	<u>\$ 21,554,440</u>

Governmental Activities

Net assets of the District's governmental activities increased \$45,284. Total governmental expenses of \$9,623,474 were offset by program revenues of \$2,371,093 and general revenues of \$7,297,665. Program revenues supported 24.64% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 74.86% of total governmental revenue.

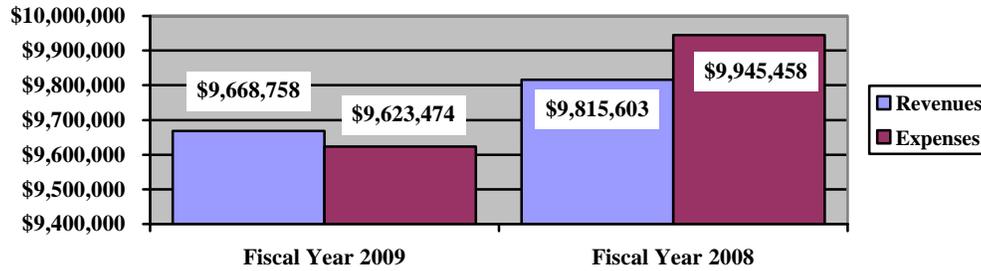
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,830,440 or 60.59% of total governmental expenses for fiscal 2009.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

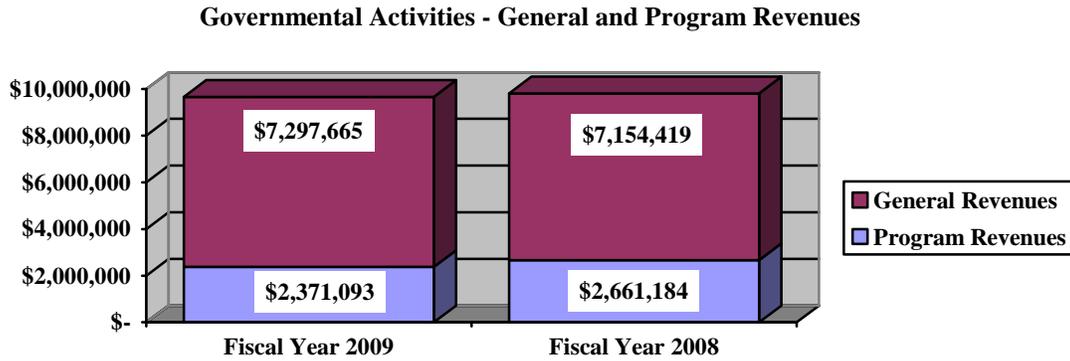
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 4,185,870	\$ 3,481,454	\$ 4,305,944	\$ 3,524,220
Special	1,536,550	512,586	1,544,087	391,411
Vocational	57,098	32,427	181,469	148,354
Adult/continuing	700	700	1,300	(1,600)
Other	50,222	35,533	38,979	37,778
Support services:				
Pupil	389,960	345,477	507,818	471,737
Instructional staff	430,633	345,661	442,859	329,663
Board of education	32,236	32,236	46,807	46,807
Administration	687,494	655,254	657,865	616,705
Fiscal	199,555	199,555	227,837	227,837
Business	10,491	10,491	13,102	13,102
Operations and maintenance	1,015,338	1,000,440	907,517	894,857
Pupil transportation	346,988	288,184	375,856	319,577
Central	39,069	30,069	25,997	11,997
Food service operations	384,585	71,287	385,235	45,432
Extracurricular activities	217,591	171,933	239,831	163,442
Interest and fiscal charges	39,094	39,094	42,955	42,955
Total expenses	<u>\$ 9,623,474</u>	<u>\$ 7,252,381</u>	<u>\$ 9,945,458</u>	<u>\$ 7,284,274</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

The dependence upon tax and other general revenues for governmental activities is apparent, 69.68% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.36%. The District's taxpayers as well as unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$756,906, which is greater than last year's fund balance of \$32,596. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance June 30, 2009	Fund Balance (Deficit) June 30, 2008	Increase/ (Decrease)
General	\$ 470,621	\$ (393,701)	\$ 864,322
Other governmental	<u>286,285</u>	<u>426,297</u>	<u>(140,012)</u>
Total	<u>\$ 756,906</u>	<u>\$ 32,596</u>	<u>\$ 724,310</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,564,663	\$ 1,553,849	0.70 %
Tuition and fees	197,325	269,604	(26.81) %
Earnings on investments	12,064	24,396	(50.55) %
Intergovernmental	6,186,139	6,134,083	0.85 %
Other revenues	<u>48,141</u>	<u>17,523</u>	174.73 %
Total	<u>\$ 8,008,332</u>	<u>\$ 7,999,455</u>	0.11 %
<u>Expenditures</u>			
Instruction	\$ 4,192,250	\$ 4,507,089	(6.99) %
Support services	2,772,796	2,782,946	(0.36) %
Extracurricular activities	153,097	151,976	0.74 %
Debt service	<u>26,629</u>	<u>26,629</u>	- %
Total	<u>\$ 7,144,772</u>	<u>\$ 7,468,640</u>	(4.34) %

Revenue from tuition and fees decreased \$72,279 over the prior fiscal year, which can be attributed to a decrease in special education tuition receipts during the fiscal year. The decrease in earnings on investments in the general fund is primarily due to falling interest rates. The increase in other revenue can be attributed to an increase in receipts of revenue from local sources. Instructional expenditures decreased due to the retirement of several employees and due to the District's overall cost control policies. All other revenue and expenditure items remained consistent with the prior fiscal year.

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 2009, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$8,460,595, which is greater than the original budgeted revenues and other financing sources estimate of \$8,429,705. Actual revenues and other financing sources for fiscal year 2009 was \$7,974,173. This represents a \$486,422 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$8,492,714 were increased to \$8,835,453 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$7,222,149, which was \$1,613,304 less than the final budget appropriations. The decreases in appropriations were caused by the District's worst case scenario budgeting method in the original budget.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$21,892,323 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2009 balances compared to 2008 balances:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 207,375	\$ 207,375
Land improvements	647,873	673,142
Building and improvements	20,411,948	21,065,158
Furniture and equipment	358,517	426,517
Vehicles	<u>266,610</u>	<u>230,020</u>
Total	<u>\$ 21,892,323</u>	<u>\$ 22,602,212</u>

The overall decrease in capital assets is due to depreciation expense of \$780,880 exceeding capital asset additions of \$70,991 for fiscal year 2009. See Note 8 for additional detail on capital assets.

Debt Administration

At June 30, 2009, the District had \$676,283 in bonds and a capital lease obligation outstanding. Of this total, \$63,273 is due within one year and \$613,010 is due in greater than one year. The following table summarizes the bonds and lease obligations outstanding:

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	<u>2009</u>	<u>2008</u>
Construction bonds	\$ 634,863	\$ 671,962
Capital lease obligation	<u>41,420</u>	<u>63,756</u>
Total	<u>\$ 676,283</u>	<u>\$ 735,718</u>

In 1998, the District passed a 2.11 mil tax levy, providing for classroom facilities construction bonds. The general obligation bonds bear an interest rate of 5.35%. Payment of principal and interest on the construction bonds is being made from the bond retirement fund, a nonmajor governmental fund.

At June 30, 2009, the District's overall legal debt margin was \$4,095,784 with an unvoted debt margin of \$51,792. The District maintains an A-1 bond rating.

See Note 10 for details of the District's long-term obligations.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

Current Financial Related Activity

The District faces many challenges in the future. The District was placed in Fiscal Caution by the Ohio Department of Education (ODE) and continues to be monitored on a monthly basis by an ODE representative. The District continues to examine the operating procedures for additional cost savings, while still maintaining the quality of education.

The District is currently collecting revenue from two separate emergency levies approved by the voters in 2004 and 2005. The 2004 emergency levy was renewed in November of 2008, and the District will seek renewal of the 2005 emergency levy in November 2009. The renewal of this levy is critical for the District going forward and administration is projecting that the voters will renew it. If the levy fails, the administration will be forced to look at additional cost cutting measures and possible staff reductions.

The next challenge facing the District is declining enrollment. The District has been consistently experiencing a decline in enrollment over the past several years. Administration is hopeful that enrollment declines will level off in future years. The District has taken steps to reduce expenditures, as enrollment declines, by combining administrative positions and offering early retirement incentives to certified staff.

Since the District relies on the State for approximately 77% of the general operating revenues, the largest challenge facing the District is the future of State funding. The face of school funding in Ohio is changing with the passage of House Bill 1 and the temporary influx of stimulus money to school districts. The new plan is expected to decrease the District's State aid by .79% in fiscal year 2010 and 1.46% in fiscal year 2011. The District is excited about the stimulus money, but remains apprehensive over school funding as a whole as the economy continues to falter and the State continues to make budget cuts.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ms. Dawn Altman, Treasurer of Windham Exempted Village School District at 9530 Bauer Avenue, Windham, Ohio 44288.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,510,571
Investments.	167,674
Receivables:	
Taxes	1,616,562
Accounts	8,874
Intergovernmental	68,897
Accrued interest	4
Loans	29
Materials and supplies inventory.	19,511
Capital assets:	
Land	207,375
Depreciable capital assets, net	21,684,948
Total capital assets, net	21,892,323
 Total assets.	 25,284,445
 Liabilities:	
Accounts payable.	9,978
Accrued wages and benefits	787,428
Pension obligation payable.	175,378
Intergovernmental payable	36,057
Accrued interest payable	2,699
Unearned revenue	1,335,830
Long-term liabilities:	
Due within one year.	199,384
Due in more than one year	1,137,967
	1,337,351
 Total liabilities	 3,684,721
 Net assets:	
Invested in capital assets, net of related debt.	21,216,040
Restricted for:	
Capital projects	117,976
Debt service.	71,847
Classroom facilities maintenance	36,015
Locally funded programs	1,050
State funded programs.	53
Federally funded programs	13
Student activities	34,290
Other purposes	192,476
Unrestricted (deficit)	(70,036)
	1,482,674
 Total net assets	 \$ 21,599,724

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	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:					
Instruction:					
Regular	\$ 4,185,870	\$ 216,500	\$ 487,916	\$ -	\$ (3,481,454)
Special	1,536,550	3,946	1,020,018	-	(512,586)
Vocational	57,098	-	24,671	-	(32,427)
Adult/continuing	700	-	-	-	(700)
Other	50,222	-	14,689	-	(35,533)
Support services:					
Pupil	389,960	9,577	34,906	-	(345,477)
Instructional staff	430,633	-	84,972	-	(345,661)
Board of education	32,236	-	-	-	(32,236)
Administration	687,494	11,923	20,317	-	(655,254)
Fiscal	199,555	-	-	-	(199,555)
Business	10,491	-	-	-	(10,491)
Operations and maintenance	1,015,338	1,231	13,667	-	(1,000,440)
Pupil transportation	346,988	2,061	52,249	4,494	(288,184)
Central	39,069	-	9,000	-	(30,069)
Food service operations	384,585	86,081	227,217	-	(71,287)
Extracurricular activities	217,591	44,458	1,200	-	(171,933)
Interest and fiscal charges	39,094	-	-	-	(39,094)
Totals	\$ 9,623,474	\$ 375,777	\$ 1,990,822	\$ 4,494	(7,252,381)

General revenues:

Property taxes levied for:	
General purposes	1,581,589
Debt service	64,371
Special revenue	20,254
Grants and entitlements not restricted to specific programs	5,571,720
Investment earnings	14,626
Miscellaneous	45,105
Total general revenues	7,297,665
Change in net assets	45,284
Net assets at beginning of year	21,554,440
Net assets at end of year	\$ 21,599,724

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,170,349	\$ 337,256	\$ 1,507,605
Investments.	-	167,674	167,674
Receivables:			
Taxes	1,532,475	84,087	1,616,562
Accounts	8,153	721	8,874
Intergovernmental.	-	68,897	68,897
Accrued interest	-	4	4
Interfund loans	38,132	-	38,132
Loans.	29	-	29
Materials and supplies inventory.	16,002	3,509	19,511
Restricted assets:			
Equity in pooled cash and cash equivalents	2,966	-	2,966
Total assets.	<u>\$ 2,768,106</u>	<u>\$ 662,148</u>	<u>\$ 3,430,254</u>
Liabilities:			
Accounts payable	\$ 8,376	\$ 1,602	\$ 9,978
Accrued wages and benefits	598,082	189,346	787,428
Compensated absences payable.	90,664	-	90,664
Early retirement incentive payable.	36,589	-	36,589
Pension obligation payable	137,138	38,240	175,378
Intergovernmental payable	28,105	7,952	36,057
Interfund loan payable	-	38,132	38,132
Deferred revenue	132,399	30,893	163,292
Unearned revenue	1,266,132	69,698	1,335,830
Total liabilities	<u>2,297,485</u>	<u>375,863</u>	<u>2,673,348</u>
Fund balances:			
Reserved for encumbrances.	11,308	43,768	55,076
Reserved for bus purchases	2,966	-	2,966
Reserved for materials and supplies inventory	16,002	3,509	19,511
Reserved for debt service.	-	63,585	63,585
Reserved for property tax unavailable for appropriation.	133,944	7,497	141,441
Unreserved, undesignated, reported in:			
General fund.	306,401	-	306,401
Special revenue funds	-	49,950	49,950
Capital projects funds	-	117,976	117,976
Total fund balances.	<u>470,621</u>	<u>286,285</u>	<u>756,906</u>
Total liabilities and fund balances.	<u>\$ 2,768,106</u>	<u>\$ 662,148</u>	<u>\$ 3,430,254</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$	756,906
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,892,323
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	139,291	
Intergovernmental receivable		24,001	
Total			163,292
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(2,699)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(634,863)	
Compensated absences payable		(533,815)	
Capital lease obligation payable		(41,420)	
Total			(1,210,098)
Net assets of governmental activities		\$	21,599,724

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 1,564,663	\$ 83,318	\$ 1,647,981
Tuition.	197,325	-	197,325
Charges for services.	-	86,444	86,444
Earnings on investments.	12,064	11,009	23,073
Extracurricular.	-	88,972	88,972
Classroom materials and fees.	3,036	-	3,036
Other local revenues	45,105	15,269	60,374
Intergovernmental - Intermediate.	4,595	2,765	7,360
Intergovernmental - State	6,129,352	536,874	6,666,226
Intergovernmental - Federal.	52,192	901,441	953,633
Total revenues.	<u>8,008,332</u>	<u>1,726,092</u>	<u>9,734,424</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,186,317	547,823	3,734,140
Special.	903,801	553,064	1,456,865
Vocational.	75,138	-	75,138
Adult/continuing	-	700	700
Other	26,994	23,228	50,222
Support services:			
Pupil.	344,285	45,117	389,402
Instructional staff	302,425	101,703	404,128
Board of education	32,236	-	32,236
Administration.	616,326	31,047	647,373
Fiscal	196,057	1,773	197,830
Business	6,100	-	6,100
Operations and maintenance.	863,508	51,261	914,769
Pupil transportation	381,790	2,714	384,504
Central.	30,069	9,000	39,069
Food service operations	-	332,749	332,749
Extracurricular activities.	153,097	51,493	204,590
Facilities acquisition and construction	-	44,051	44,051
Debt service:			
Principal retirement	22,336	37,099	59,435
Interest and fiscal charges	4,293	34,958	39,251
Total expenditures	<u>7,144,772</u>	<u>1,867,780</u>	<u>9,012,552</u>
Net change in fund balances	863,560	(141,688)	721,872
Fund balances (deficit) at beginning of year	(393,701)	426,297	32,596
Increase in reserve for inventory	762	1,676	2,438
Fund balances at end of year	<u>\$ 470,621</u>	<u>\$ 286,285</u>	<u>\$ 756,906</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$	721,872
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeded capital outlays in the current period accordingly.		
Capital asset additions	\$ 70,991	
Depreciation expense	(780,880)	
Total		(709,889)
 Governmental funds report expenditures for inventory when purchased, however, in the statement of activities they are reported as an expense when consumed.		
		2,438
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	18,233	
Intergovernmental revenue	(83,899)	
Total		(65,666)
 Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		59,435
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		157
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		36,937
Change in net assets of governmental activities	\$	45,284

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 1,563,952	\$ 1,569,683	\$ 1,479,438	\$ (90,245)
Tuition.	208,597	209,362	197,325	(12,037)
Earnings on investments.	12,753	12,800	12,064	(736)
Classroom materials and fees.	3,209	3,221	3,036	(185)
Other local revenues.	45,689	45,856	43,220	(2,636)
Intergovernmental - Intermediate	4,857	4,875	4,595	(280)
Intergovernmental - State	6,479,497	6,503,241	6,129,352	(373,889)
Intergovernmental - Federal.	56,317	56,524	53,274	(3,250)
Total revenues.	<u>8,374,873</u>	<u>8,405,562</u>	<u>7,922,304</u>	<u>(483,258)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,660,657	3,808,389	3,160,254	648,135
Special.	1,090,398	1,134,403	898,184	236,219
Vocational.	167,314	174,066	89,602	84,464
Other	40,015	41,630	32,984	8,646
Support services:				
Pupil.	488,551	508,267	339,299	168,968
Instructional staff	303,734	315,992	301,830	14,162
Board of education	47,092	48,993	32,236	16,757
Administration.	588,647	612,403	611,630	773
Fiscal	221,254	230,183	201,245	28,938
Business	13,621	14,171	11,958	2,213
Operations and maintenance.	849,412	883,692	932,091	(48,399)
Pupil transportation	354,624	368,936	397,496	(28,560)
Central.	12,045	12,531	19,277	(6,746)
Extracurricular activities.	141,909	147,636	153,659	(6,023)
Total expenditures	<u>7,979,274</u>	<u>8,301,292</u>	<u>7,181,745</u>	<u>1,119,547</u>
Excess of revenues over expenditures.	<u>395,599</u>	<u>104,270</u>	<u>740,559</u>	<u>636,289</u>
Other financing sources (uses):				
Refund of prior year expenditure	54,832	55,033	51,869	(3,164)
Refund of prior year (receipts).	-	-	(2,717)	(2,717)
Transfers (out)	(512,979)	(533,681)	-	533,681
Advances (out)	(461)	(480)	(37,687)	(37,207)
Total other financing sources (uses).	<u>(458,608)</u>	<u>(479,128)</u>	<u>11,465</u>	<u>490,593</u>
Net change in fund balance	(63,009)	(374,858)	752,024	1,126,882
Fund balance at beginning of year	374,857	374,857	374,857	-
Prior year encumbrances appropriated	34,945	34,945	34,945	-
Fund balances at end of year	<u>\$ 346,793</u>	<u>\$ 34,944</u>	<u>\$ 1,161,826</u>	<u>\$ 1,126,882</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 8	\$ 17,719
Investments	40,287	-
Receivables:		
Accounts.	-	175
	<hr/>	<hr/>
Total assets	40,295	<u>\$ 17,894</u>
Liabilities:		
Intergovernmental payable	-	\$ 17
Loans payable	-	29
Due to students.	-	17,848
	<hr/>	<hr/>
Total liabilities	-	<u>\$ 17,894</u>
Net assets:		
Held in trust for scholarships	<hr/> 40,295	
Total net assets	<u>\$ 40,295</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,668
Total additions.	1,668
Deductions:	
Scholarships awarded	1,282
Change in net assets	386
Net assets at beginning of year.	39,909
Net assets at end of year	\$ 40,295

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Windham Exempted Village School District (the "District") is located in Portage County and is located in the Village of Windham, and portions of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 558th largest by enrollment among the 922 public and community school districts in the State. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 53 non-certified and 75 certified (including administrative) full-time and part-time employees to provide services to approximately 707 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Stark Portage Area Computer Consortium (SPARCC)

SPARCC is a data consortium of 29 school districts, two county offices and provides some selected services for one independent site, parochial schools, community schools, public libraries, chartered schools and special interest groups. SPARCC was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the governments of these schools supports SPARCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months' financial contribution. SPARCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in SPARCC because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest.

Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 2100 39th Street NW, Canton, Ohio 44709-2300.

Portage County School Consortium (the "Consortium")

Portage County School Consortium is an insurance group-purchasing consortium made up of fourteen school districts in Columbiana, Portage and Mahoning Counties. All member districts pay an insurance premium directly to the Consortium.

Maplewood Career Center

The Maplewood Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two representatives from each of the ten participating school districts' elected boards, which possesses its own budgeting and taxing authority. The jointly governed organization was formed for the purpose of providing vocational instruction to juniors and seniors in the participating districts. To obtain financial information, write to the Maplewood Career Center, Michelle Seckman, who serves as Treasurer, at 7075 State Route 88, Ravenna, Ohio 44266-9131.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for food service operations; (c) for the accumulation of resources for, and the repayment, of, long-term debt principal, interest and related costs; and (d) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. 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. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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 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 (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Tax Budget:

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

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 the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriations for that fund which covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" (both restricted and unrestricted) and "investments" on the basic financial statements.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2009, investments were limited to nonnegotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2009. 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 shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$12,064.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. On the statement of net assets and the statement of fiduciary net assets, receivables and payables resulting from short term interfund loans between governmental funds and agency funds are classified as "loans receivable/payable".

J. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination (severance) payments. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, by those employees who are currently eligible to receive termination (severance) payments and by those employees who are expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable salary related payments.

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences 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. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

L. 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 encumbrances, bus purchases, materials and supplies inventory, debt service, and property tax unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted by State statute for bus purchases.

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

N. Estimates

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. 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, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount received for bus purchases. See Note 17 for details.

P. Interfund Activity

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 basic financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 35,295
SchoolNet professional development	4
Poverty aid	76,538
Title VI-B	39,648
Title I	17,165
Drug-free schools	54
Preschool	1,853
Title II-A	5,962

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$429,420. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$73,440 of the District's bank balance of \$531,401 was exposed to custodial risk as discussed below, while \$457,961 was covered by the FDIC.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u> 6 months or less
STAR Ohio	\$ <u>1,306,839</u>	\$ <u>1,306,839</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
STAR Ohio	\$ <u>1,306,839</u>	<u>100.00</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 429,420
Investments	<u>1,306,839</u>
Total	<u>\$ 1,736,259</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,678,245
Private-purpose trust fund	40,295
Agency fund	<u>17,719</u>
Total	<u>\$ 1,736,259</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 38,132

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2009 are reported on the statement of net assets.

- B. Loans between governmental funds and agency funds are reported as “loans receivable/payable” on the financial statements. The District had the following loans outstanding at fiscal year-end:

<u>Loan From</u>	<u>Loan To</u>	<u>Amount</u>
General	Agency	\$ 29

This loan is expected to be repaid in the subsequent year as resources become available in the agency fund.

NOTE 6 - PROPERTY TAXES

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Portage County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$133,944 in the general fund, \$5,738 in the bond retirement debt service fund (a nonmajor governmental fund) and \$1,759 in the classroom facilities maintenance special revenue fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$48,719 in the general fund, \$2,055 in the bond retirement debt service fund (a nonmajor governmental fund) and \$642 in the classroom facilities maintenance special revenue fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the full accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 50,106,270	91.76	\$ 50,561,630	94.71
Public utility personal	1,378,490	2.53	1,347,490	2.52
Tangible personal property	<u>3,119,486</u>	<u>5.71</u>	<u>1,476,742</u>	<u>2.77</u>
Total	<u>\$ 54,604,246</u>	<u>100.00</u>	<u>\$ 53,385,862</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$58.10		\$58.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, accrued interest and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 1,616,562
Accounts	8,874
Intergovernmental	68,897
Accrued interest	4
Loans	<u>29</u>
Total	<u>\$ 1,694,366</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 207,375	\$ -	\$ -	\$ 207,375
Total capital assets, not being depreciated	<u>207,375</u>	<u>-</u>	<u>-</u>	<u>207,375</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,025,741	-	-	1,025,741
Building and improvements	26,447,037	-	-	26,447,037
Furniture and equipment	1,076,940	-	-	1,076,940
Vehicles	486,663	70,991	-	557,654
Total capital assets, being depreciated	<u>29,036,381</u>	<u>70,991</u>	<u>-</u>	<u>29,107,372</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(352,599)	(25,269)	-	(377,868)
Building and improvements	(5,381,879)	(653,210)	-	(6,035,089)
Furniture and equipment	(650,423)	(68,000)	-	(718,423)
Vehicles	(256,643)	(34,401)	-	(291,044)
Total accumulated depreciation	<u>(6,641,544)</u>	<u>(780,880)</u>	<u>-</u>	<u>(7,422,424)</u>
Governmental activities capital assets, net	<u>\$ 22,602,212</u>	<u>\$ (709,889)</u>	<u>\$ -</u>	<u>\$ 21,892,323</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 517,499
Special	35,646
Vocational	7,535
<u>Support services:</u>	
Pupil	8,335
Instructional staff	29,152
Administration	26,200
Business	4,391
Operations and maintenance	56,104
Pupil transportation	33,283
Extracurricular	13,001
Food service operations	<u>49,734</u>
Total depreciation expense	<u>\$ 780,880</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior fiscal year, the District entered into a capitalized lease with GE Capital for copier equipment. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$109,761. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2009 was \$76,833, leaving a current book value of \$32,928. Principal and interest payments for the capital lease in fiscal year 2009 totaled \$22,336 and \$4,293, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 26,628
2011	<u>17,752</u>
Total minimum lease payments	44,380
Less amount representing interest	<u>(2,960)</u>
Total	<u>\$ 41,420</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/09</u>	<u>Amounts Due in One Year</u>
Governmental activities:						
<u>General obligation bonds:</u>						
Construction bonds	5.35%	\$ 671,962	\$ -	\$ (37,099)	\$ 634,863	\$ 39,084
<u>Other long-term obligations:</u>						
Capital lease obligation		63,756	-	(22,336)	41,420	24,189
Early retirement incentive		35,084	36,589	(35,084)	36,589	36,589
Compensated absences		<u>620,526</u>	<u>116,649</u>	<u>(112,696)</u>	<u>624,479</u>	<u>99,522</u>
Total other long-term obligations		<u>719,366</u>	<u>153,238</u>	<u>(170,116)</u>	<u>702,488</u>	<u>160,300</u>
Total governmental activities		<u>\$ 1,391,328</u>	<u>\$ 153,238</u>	<u>\$ (207,215)</u>	<u>\$ 1,337,351</u>	<u>\$ 199,384</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Construction Bonds: The District issued classroom facilities construction bonds during fiscal year 1998. These bonds will be retired from the bond retirement fund, a nonmajor governmental fund, with revenue generated from a 2.11 mil levy. The District also passed a .5 mil levy to ultimately fund the maintenance costs of the new facility. Tax revenue has been reported in the classroom facilities maintenance special revenue fund, a nonmajor governmental fund.

Compensated Absences and Early Retirement Incentive: Compensated absences and the early retirement incentive will be paid from the fund from which the employee's salaries are paid which is primarily the general fund.

Capital Lease Obligation: The capital lease obligation will be paid from the general fund. See Note 9 for details.

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2009, are as follows:

Fiscal Year	Classroom Facilities Bonds		
	Principal	Interest	Total
2010	\$ 39,084	\$ 32,920	\$ 72,004
2011	41,175	30,773	71,948
2012	43,378	28,511	71,889
2013	45,699	26,128	71,827
2014	48,144	23,618	71,762
2015 - 2019	282,224	75,472	357,696
2020 - 2021	135,159	7,325	142,484
Total	<u>\$ 634,863</u>	<u>\$ 224,747</u>	<u>\$ 859,610</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$4,095,784 (including available funds of \$69,323) and an unvoted debt margin of \$51,792.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy-five days for both certificated and classified employees. Classified employees also receive a bonus of 10% of the sick leave balance over 180 days up to 300 days. An employee receiving such payment must meet the retirement provisions set by the State Teachers Retirement System of Ohio (STRS Ohio) and the School Employees Retirement System (SERS).

B. Insurance Benefits

The District provides life insurance to all employees in the amount of \$33,000.

C. Early Retirement Incentive

The District participates in an early retirement incentive with STRS Ohio. An employee who is eligible to retire under the requirements of STRS Ohio is also eligible for the early retirement incentive. STRS Ohio calculates the amount for each employee and then bills the District. In fiscal year 2009, two employees participated in the early retirement incentive.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District participates in the Portage County School Consortium (the "Consortium"), which is a cooperative entity among 14 educational-service providers formed in 1981 to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c) (9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the consortium. The insurance agreement with the Consortium also provides that the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board, as provided in the Consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - RISK MANAGEMENT - (Continued)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2009, the District contracted with the following carriers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Ohio Casualty Insurance	Automobile	\$250 Comprehensive; \$500 Collision
Ohio Casualty Insurance	General Liability	\$0
Ohio Casualty Insurance	Property Insurance	\$2,500

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded coverages in any of the past three fiscal years.

B. Group Health and Dental Insurance

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single and family coverage is 90% Board-paid and 10% employee-paid for employees hired after September 1, 2001 - for all other employees 95% is Board-paid and 5% is employee paid).

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal 2009), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

C. Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (see Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - 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. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$94,317, \$95,012 and \$98,574, respectively; 41.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 13 - PENSION PLANS - (Continued)

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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$480,494, \$482,514 and \$513,874, respectively; 86.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,803 made by the District and \$8,203 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$58,949, \$63,212 and \$51,594, respectively; 41.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$7,782, \$6,846 and \$6,703, respectively; 41.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,961, \$37,116 and \$39,529 respectively; 86.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advance-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 752,024
Net adjustment for revenue accruals	86,028
Net adjustment for expenditure accruals	25,484
Net adjustment for other sources/uses	(11,465)
Adjustment for encumbrances	11,489
GAAP basis	\$ 863,560

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (30,747)	\$ -
Current year set-aside requirement	122,541	122,541
Qualifying disbursements	<u>(109,829)</u>	<u>(204,748)</u>
Total	<u>\$ (18,035)</u>	<u>\$ (82,207)</u>
Balance carried forward to fiscal year 2010	<u>\$ (18,035)</u>	<u>\$ -</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook/instructional materials and capital acquisition set aside amounts to below zero. The textbook/instructional materials amount may be used to reduce the set-aside requirement of future years. Although the District had qualifying disbursements that reduced the capital acquisition set-aside amount below zero, this amount may not be used to reduce the set-aside requirement for future years.

In addition to the above statutory reserves, the District has \$2,966 restricted for bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount restricted for bus purchases	<u>\$ 2,966</u>
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NOTE 18 - FINANCIAL CONDITION

On December 31, 2002, the District was declared to be in fiscal caution by the Ohio Department of Education and Auditor of State. The general fund and other funds' year-end deficit balances have been disclosed in Note 3. An entity may be released from fiscal caution if the Department of Education determines that corrective actions have been or are being implemented. The Auditor of State's office released a performance audit of the District on November 20, 2003. The performance audit report provided recommendations to eliminate the conditions that brought about the declaration of fiscal caution. The performance audit report contained the following noteworthy accomplishments made by the District while in fiscal caution: 1) the District decreased expenditures in various areas, thereby increasing ending fund balances and improving its financial condition. For instance, the Board of Education approved 18.9 Full-Time Equivalent (FTE) staff reductions, which was a recommendation of the performance audit; 2) the treasurer updated previous forecasts to present more reliable and accurate projections; 3) as recommended in the performance audit, the District closed East Elementary School at the end of the fiscal year 2003, reduced staff, and leased the facility to the Portage County Educational Service Center for several years; 4) the District joined the Ohio Schools Council (OSC) to take advantage of group purchasing agreements and consortiums to help reduce operating costs; 5) the District reduced one bus route; 6) renegotiated fuel prices; (7) adjusted temperature settings; (8) exploring options to cover special needs transportation; and (9) the maximum out-of-pocket costs for medical expenses have been increased and the prescription program was changed to a three-tier plan.

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/ <i>Pass-Through/</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster :</i>						
National School Breakfast Program	05PU 2009	10.553	\$50,290		\$50,290	
National School Lunch Program	LLP4 2009	10.555	151,740		151,740	
Food Distribution	Not available	10.555		<u>17,556</u>		<u>17,552</u>
Total U.S.Department of Agriculture - Nutrition Cluster			<u>202,030</u>	<u>17,556</u>	<u>202,030</u>	<u>17,552</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies (Title I Part A)	C1S1-2008	84.010	37,993		38,519	
	C1S1-2009	84.010	<u>313,077</u>		<u>307,550</u>	
Total to Local Educational Agencies (Title I)			351,070		346,069	
<i>Special Education Cluster:</i>						
Special Education-Grants to States (IDEA Part B)	6BSF-2008	84.027	37,794		38,611	
	6BSF-2009	84.027	<u>205,999</u>		<u>204,574</u>	
Total Special Education-(IDEA Part B)			243,793		243,185	
Special Education-Preschool Grant	PGS1-2008	84.173	1,952		1,954	
	PGS1-2009	84.173	<u>8,435</u>		<u>8,221</u>	
Total Special Education-Preschool Grant			10,387		10,175	
Total Special Education Cluster			<u>254,180</u>		<u>253,360</u>	
Safe and Drug-Free Schools (Title IV-A)	DRS1-2008	84.186			(13)	
	DRS1-2009	84.186	<u>2,761</u>		<u>7,897</u>	
Total Safe and Drug-Free Schools (Title IV-A)			2,761		7,884	
Innovative Education Program Strategies (Title V)	C2S1-2009	84.298	636		636	
Technology Literacy Challenge Fund Grant (Title II-D)	TJS1-2009	84.318	5,218		5,205	
Improving Teacher Quality (Title II-A)	TRS1-2008	84.367	8,082		8,215	
	TRS1-2009	84.367	<u>57,259</u>		<u>56,887</u>	
Total Improving Teacher Quality (Title II-A)			65,341		65,102	
School Improvement Grant		84.377	6,000			
Total U.S. Department of Education			<u>334,136</u>		<u>332,187</u>	
Totals			<u>\$536,166</u>	<u>\$17,556</u>	<u>\$534,217</u>	<u>\$17,552</u>

The accompanying notes to this schedule are an integral part of this schedule.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Windham Exempted Village School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Windham Exempted Village School District
Portage County
9530 Bauer Avenue
Windham, Ohio 44288

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Windham Exempted Village School District, Portage County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2010. We noted the District is experiencing difficulties discussed in Note 18. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the District's management in a separate letter dated January 11, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated January 11, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 11, 2010



Mary Taylor, CPA

Auditor of State

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

Windham Exempted Village School District
Portage County
9530 Bauer Avenue
Windham, Ohio 44288

To the Board of Education:

Compliance

We have audited the compliance of Windham Exempted Village School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Windham Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect 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 District's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 11, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Windham Exempted Village School District
Portage County
9530 Bauer Avenue
Windham, Ohio 44288

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Windham Exempted School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 28, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Mary Taylor, CPA
Auditor of State

January 11, 2010

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I CFDA 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE 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
FEBRUARY 9, 2010