



**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Rossford Exempted Village School District
Wood County
601 Superior Street
Rossford, Ohio 43460

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2012, 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, the major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the

Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the 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. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 7, 2013

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of Rossford Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2012 are as follows:

In total, net assets decreased \$2,494,745, or almost 13 percent. Although expenses remained fairly similar to the prior fiscal year, revenues decreased substantially (primarily a decrease in property tax revenue).

General revenues were \$20,741,666 for fiscal year 2012, or 89 percent of all revenues, and reflect the School District's significant dependence on property taxes and unrestricted state entitlements.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

In the statement of net assets and the statement of activities, all of the School District's activities are reflected as governmental activities including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the General Fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 and fiscal year 2011:

Table 1 Net Assets			
	2012	Governmental Activities 2011	Change
<u>Assets:</u>			
Current and Other Assets	\$22,832,533	\$24,723,412	(\$1,890,879)
Capital Assets, Net	10,400,226	10,646,466	(246,240)
Total Assets	33,232,759	35,369,878	(2,137,119)
<u>Liabilities:</u>			
Current and Other Liabilities	\$14,181,922	\$13,664,528	(\$517,394)
Long-Term Liabilities	1,770,835	1,930,603	159,768
Total Liabilities	15,952,757	15,595,131	(357,626)
<u>Net Assets:</u>			
Invested in Capital Assets	10,400,226	10,646,466	(246,240)
Restricted	2,135,133	1,836,104	299,029
Unrestricted	4,744,643	7,292,177	(2,547,534)
Total Net Assets	\$17,280,002	\$19,774,747	(\$2,494,745)

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

As noted in the above table, there were a couple of significant changes from the prior fiscal year. Two primary factors led to the decrease in current and other assets. There was a decrease in cash and cash equivalents, primarily due to cash carryover spending in the General Fund. In addition, there was a decrease in the receivable for property taxes resulting from a reduction in the assessed value of property (lower taxable value) as well as the continued effect of the loss of tangible personal property taxes (eliminated by the State). These decreases are also reflected in the decrease in unrestricted net assets. The decrease in current and other liabilities was generally due to a decrease in deferred revenue (corresponds to the decrease in the property tax receivable).

Table 2 reflects the change in net assets for fiscal year 2012 and fiscal year 2011.

Table 2
Change in Net Assets

	Governmental Activities		Change
	2012	2011	
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$919,761	\$1,002,528	(\$82,767)
Operating Grants and Contributions	1,740,916	1,918,753	(177,837)
Total Program Revenues	<u>2,660,677</u>	<u>2,921,281</u>	<u>(260,604)</u>
General Revenues			
Property Taxes Levied for General Purposes	10,431,284	12,998,266	(2,566,982)
Payment in Lieu of Taxes	735,841	449,909	285,932
Grants and Entitlements	7,833,274	8,621,980	(788,706)
Interest	43,851	47,465	(3,614)
Gifts and Donations	1,502,089	1,454,918	47,171
Miscellaneous	195,327	145,686	49,641
Total General Revenues	<u>20,741,666</u>	<u>23,718,224</u>	<u>(2,976,558)</u>
Total Revenues	<u>23,402,343</u>	<u>26,639,505</u>	<u>(3,237,162)</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$11,379,408	\$11,077,217	(\$302,191)
Special	2,510,651	2,648,686	138,035
Vocational	308,858	324,894	16,036
Adult/Continuing	26,828	31,901	5,073
Support Services:			
Pupils	1,881,052	1,966,067	85,015
Instructional Staff	1,481,630	1,391,929	(89,701)
Board of Education	48,582	64,983	16,401
Administration	2,155,174	2,106,170	(49,004)
Fiscal	455,455	448,929	(6,526)
Business	117,473	111,724	(5,749)
Operation and Maintenance of Plant	2,105,891	1,979,800	(126,091)
Pupil Transportation	1,053,824	1,058,612	4,788
Central	549,277	494,736	(54,541)
Non-Instructional Services	1,042,061	983,361	(58,700)
Extracurricular Activities	780,924	814,120	33,196
Total Expenses	<u>25,897,088</u>	<u>25,503,129</u>	<u>(393,959)</u>
Increase (Decrease) in Net Assets	<u>(2,494,745)</u>	<u>1,136,376</u>	<u>(3,631,121)</u>
Net Assets at Beginning of Year	<u>19,774,747</u>	<u>18,638,371</u>	<u>1,136,376</u>
Net Assets at End of Year	<u>\$17,280,002</u>	<u>\$19,774,747</u>	<u>(\$2,494,745)</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Overall, revenues decreased 12 percent from the prior fiscal year with decreases in both program revenues and general revenues. The largest decrease in program revenues was due to the expiration of grant programs. For general revenues, there were substantial decreases in property taxes and unrestricted grants and entitlements; property taxes due to decreases in assessed valuation of property and the elimination of tangible personal property taxes, unrestricted grants and entitlements due to the expiration of grant programs.

Expenses remained fairly similar to the prior fiscal year with a change of less than 2 percent. The major program expenses for governmental activities are for instruction, which are approximately 55 percent of total governmental expenses. However, note there are other programs which also support the instruction process including pupils, instructional staff, and pupil transportation.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction:				
Regular	\$11,379,408	\$11,077,217	\$10,972,064	\$10,460,206
Special	2,510,651	2,648,686	1,451,599	1,487,511
Vocational	308,858	324,894	302,154	318,190
Adult/Continuing	26,828	31,901	26,828	31,901
Support Services:				
Pupils	1,881,052	1,966,067	1,881,052	1,961,067
Instructional Staff	1,481,630	1,391,929	1,481,630	1,391,929
Board of Education	48,582	64,983	48,582	64,983
Administration	2,155,174	2,106,170	2,155,174	2,106,170
Fiscal	455,455	448,929	455,455	448,929
Business	117,473	111,724	117,473	111,724
Operation and Maintenance of Plant	2,105,891	1,979,800	2,105,891	1,979,800
Pupil Transportation	1,053,824	1,058,612	1,053,824	1,058,612
Central	549,277	494,736	524,277	494,736
Non-Instructional Services	1,042,061	983,361	103,201	108,314
Extracurricular Activities	780,924	814,120	557,207	557,776
Total Expenses	<u>\$25,897,088</u>	<u>\$25,503,129</u>	<u>\$23,236,411</u>	<u>\$22,581,848</u>

As can be seen above, the dependence on general revenues for most programs is significant. Only some of the School District's programs receive a notable amount of program revenues to offset program costs. The special instruction program provides for 42 percent of its costs through program revenues from operating grants restricted for special instruction purposes. Program revenues in the non-instructional program include cafeteria sales and state and federal subsidies and donated commodities for food service operations as well as operating grants received on behalf of All Saints parochial school. Program

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

revenues in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance decreased almost 22 percent from the prior fiscal year for the General Fund. Expenditures remained fairly similar to fiscal year 2011; however, there was a significant decrease in revenues due to the decrease in property tax revenue as discussed previously.

General Fund Budgeting Highlights

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

During fiscal year 2012, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to the actual receipts were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$10,400,226 invested in capital assets (net of accumulated depreciation). Additions and disposals were minimal. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

The School District's long-term obligations consist of compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

The School District's current five-year forecast indicates that the School District is in a sound financial position throughout fiscal years 2013 through 2015. The School District is dealing with a revaluation reduction that will cost the School District a loss of over \$1,000,000 per year in property tax revenue. At some point in the next year, there will be the need for an additional operating tax issue to be on the ballot.

In anticipation of the loss of tangible personal taxes, the result of HB 66, the School District has reduced the budget for the past seven fiscal years and expects to do so again in fiscal year 2013. Most of the reductions to date have occurred through attrition, a trend expected to continue in an environment of contracting student enrollment and an aging staff.

Labor contracts for both certified and classified employees are in the second year of a two-year contract for certified staff and a three-year contract for classified staff. The School District has been using the Interest Based Model of negotiating very successfully over the past decade.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Contacting the School District's Financial Management

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,106,656
Accounts Receivable	16,172
Accrued Interest Receivable	3,939
Intergovernmental Receivable	365,167
Prepaid Items	54,746
Inventory Held for Resale	11,711
Materials and Supplies Inventory	3,177
Property Taxes Receivable	11,921,267
Payment in Lieu of Taxes Receivable	349,698
Nondepreciable Capital Assets	1,202,221
Depreciable Capital Assets, Net	9,198,005
Total Assets	33,232,759
 <u>Liabilities:</u>	
Accounts Payable	76,966
Accrued Wages and Benefits Payable	2,669,468
Intergovernmental Payable	707,521
Matured Compensated Absences Payable	42,557
Retainage Payable	20,000
Separation Benefits Payable	243,306
Deferred Revenue	10,422,104
Long-Term Liabilities:	
Due Within One Year	212,579
Due in More Than One Year	1,558,256
Total Liabilities	15,952,757
 <u>Net Assets:</u>	
Invested in Capital Assets	10,400,226
Restricted For:	
Set Asides	1,722,566
Debt Service	85,887
Capital Projects	8,311
Athletics	67,497
Other Purposes	250,872
Unrestricted	4,744,643
Total Net Assets	\$17,280,002

See Accompanying Notes to Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$11,379,408	\$330,403	\$76,941	(\$10,972,064)
Special	2,510,651	74,200	984,852	(1,451,599)
Vocational	308,858		6,704	(302,154)
Adult/Continuing	26,828			(26,828)
Support Services:				
Pupils	1,881,052			(1,881,052)
Instructional Staff	1,481,630			(1,481,630)
Board of Education	48,582			(48,582)
Administration	2,155,174			(2,155,174)
Fiscal	455,455			(455,455)
Business	117,473			(117,473)
Operation and Maintenance of Plant	2,105,891			(2,105,891)
Pupil Transportation	1,053,824			(1,053,824)
Central	549,277		25,000	(524,277)
Non-Instructional Services	1,042,061	293,316	645,544	(103,201)
Extracurricular Activities	780,924	221,842	1,875	(557,207)
Total Governmental Activities	<u>\$25,897,088</u>	<u>\$919,761</u>	<u>\$1,740,916</u>	<u>(23,236,411)</u>
 <u>General Revenues:</u>				
Property Taxes Levied for General Purposes				10,431,284
Payment in Lieu of Taxes				735,841
Grants and Entitlements not Restricted to Specific Programs				7,833,274
Interest				43,851
Gifts and Donations				1,502,089
Miscellaneous				195,327
Total General Revenues				<u>20,741,666</u>
Change in Net Assets				(2,494,745)
Net Assets at Beginning of Year				19,774,747
Net Assets at End of Year				<u>\$17,280,002</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,171,911	\$212,179	\$8,384,090
Accounts Receivable	16,061	111	16,172
Accrued Interest Receivable	3,939		3,939
Interfund Receivable	52,998		52,998
Intergovernmental Receivable	8,031	357,136	365,167
Prepaid Items	54,746		54,746
Inventory Held for Resale		11,711	11,711
Materials and Supplies Inventory		3,177	3,177
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	1,722,566		1,722,566
Property Taxes Receivable	11,921,267		11,921,267
Payment in Lieu of Taxes Receivable	349,698		349,698
Total Assets	<u>\$22,301,217</u>	<u>\$584,314</u>	<u>\$22,885,531</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$54,692	\$22,274	\$76,966
Accrued Wages and Benefits Payable	2,547,172	122,296	2,669,468
Interfund Payable		52,998	52,998
Intergovernmental Payable	663,784	43,737	707,521
Matured Compensated Absences Payable	42,557		42,557
Retainage Payable	20,000		20,000
Deferred Revenue	10,706,855	220,047	10,926,902
Total Liabilities	<u>14,035,060</u>	<u>461,352</u>	<u>14,496,412</u>
<u>Fund Balances:</u>			
Nonspendable	54,746	3,177	57,923
Restricted	1,744,318	208,060	1,952,378
Assigned	235,477		235,477
Unassigned (Deficit)	6,231,616	(88,275)	6,143,341
Total Fund Balances	<u>8,266,157</u>	<u>122,962</u>	<u>8,389,119</u>
Total Liabilities and Fund Balances	<u>\$22,301,217</u>	<u>\$584,314</u>	<u>\$22,885,531</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total Governmental Fund Balances	\$8,389,119
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,400,226
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	13,855	
Accrued Interest Receivable	3,906	
Intergovernmental Receivable	220,047	
Property Taxes Receivable	266,990	
		504,798

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences Payable	(1,770,835)	
Separation Benefits Payable	(243,306)	
		(2,014,141)

Net Assets of Governmental Activities	\$17,280,002
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See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$10,472,082		\$10,472,082
Payment in Lieu of Taxes	735,841		735,841
Intergovernmental	8,065,908	\$ 1,473,378	9,539,286
Interest	49,107		49,107
Tuition and Fees	403,736		403,736
Extracurricular Activities	19,224	199,407	218,631
Charges for Services		293,316	293,316
Gifts and Donations	1,502,089	1,875	1,503,964
Miscellaneous	195,327	3,211	198,538
Total Revenues	<u>21,443,314</u>	<u>1,971,187</u>	<u>23,414,501</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,111,831	167,404	11,279,235
Special	2,180,279	307,085	2,487,364
Vocational	303,254		303,254
Adult/Continuing	21,328	5,500	26,828
Support Services:			
Pupils	1,655,075	244,169	1,899,244
Instructional Staff	1,401,360	72,894	1,474,254
Board of Education	48,582		48,582
Administration	2,145,769		2,145,769
Fiscal	450,175		450,175
Business	115,407		115,407
Operation and Maintenance of Plant	2,193,986	4,089	2,198,075
Pupil Transportation	960,902	7,339	968,241
Central	514,777	47,783	562,560
Non-Instructional Services	28,453	1,001,877	1,030,330
Extracurricular Activities	525,019	206,934	731,953
Capital Outlay	31,039		31,039
Total Expenditures	<u>23,687,236</u>	<u>2,065,074</u>	<u>25,752,310</u>
Excess of Expenditures Over Revenues	<u>(2,243,922)</u>	<u>(93,887)</u>	<u>(2,337,809)</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In		72,500	72,500
Transfers Out	(72,500)		(72,500)
Total Other Financing Sources (Uses)	<u>(72,500)</u>	<u>72,500</u>	
Changes in Fund Balances	(2,316,422)	(21,387)	(2,337,809)
Fund Balances at Beginning of Year	10,582,579	144,349	10,726,928
Fund Balances at End of Year	<u>\$8,266,157</u>	<u>\$122,962</u>	<u>\$8,389,119</u>

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Changes in Fund Balances - Total Governmental Funds (\$2,337,809)

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

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

Capital Outlay - Nondepreciable Capital Assets	37,855	
Capital Outlay - Depreciable Capital Assets	116,298	
Depreciation	<u>(400,393)</u>	(246,240)

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

Property Taxes	(40,798)	
Intergovernmental	33,029	
Interest	(5,256)	
Tuition and Fees	<u>867</u>	(12,158)

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences Payable	159,768	
Separation Benefits Payable	<u>(58,306)</u>	<u>101,462</u>

Change in Net Assets of Governmental Activities (\$2,494,745)

See Accompanying Notes to the Basic Financial Statements

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues:</u>				
Property Taxes	\$11,450,167	\$12,315,000	\$11,777,561	(\$537,439)
Payment in Lieu of Taxes	588,400	588,400	790,891	202,491
Intergovernmental	8,263,000	8,263,000	8,065,908	(197,092)
Interest	50,000	50,000	41,439	(8,561)
Tuition and Fees	475,000	475,000	403,480	(71,520)
Extracurricular Activities	26,000	26,000	19,224	(6,776)
Gifts and Donations	814,350	814,350	1,502,089	687,739
Miscellaneous	78,150	78,150	89,219	11,069
Total Revenues	<u>21,745,067</u>	<u>22,609,900</u>	<u>22,689,811</u>	<u>79,911</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,330,901	11,377,665	11,072,272	305,393
Special	2,080,494	2,200,470	2,252,653	(52,183)
Vocational	302,955	302,298	300,760	1,538
Adult/Continuing	27,000	27,000	21,328	5,672
Support Services:				
Pupils	1,968,346	1,848,845	1,710,047	138,798
Instructional Staff	1,427,190	1,434,485	1,416,740	17,745
Board of Education	66,000	66,000	54,983	11,017
Administration	2,120,168	2,153,963	2,188,756	(34,793)
Fiscal	449,827	449,441	453,256	(3,815)
Business	109,585	118,911	117,172	1,739
Operation and Maintenance of Plant	2,848,703	2,671,369	2,313,534	357,835
Pupil Transportation	975,300	976,450	1,028,405	(51,955)
Central	523,710	551,353	529,972	21,381
Non-Instructional Services	52,121	52,121	32,000	20,121
Extracurricular Activities	616,385	609,118	529,914	79,204
Capital Outlay	7,000	31,050	31,039	11
Total Expenditures	<u>24,905,685</u>	<u>24,870,539</u>	<u>24,052,831</u>	<u>817,708</u>
Excess of Expenditures Over Revenues	<u>(3,160,618)</u>	<u>(2,260,639)</u>	<u>(1,363,020)</u>	<u>897,619</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	50,000	50,000	96,540	46,540
Refund of Prior Year Receipts	(10,000)	(33,500)	(33,488)	12
Advances In	1,332,033	907,033	107,033	(800,000)
Advances Out	(35,000)	(34,998)	(52,998)	(18,000)
Transfers Out	(65,000)	(65,000)	(72,500)	(7,500)
Total Other Financing Sources (Uses)	<u>1,272,033</u>	<u>823,535</u>	<u>44,587</u>	<u>(778,948)</u>
Changes in Fund Balance	(1,888,585)	(1,437,104)	(1,318,433)	118,671
Fund Balance at Beginning of Year	9,577,915	9,577,915	9,577,915	
Prior Year Encumbrances Appropriated	1,350,482	1,350,482	1,350,482	
Fund Balance at End of Year	<u>\$9,039,812</u>	<u>\$9,491,293</u>	<u>\$9,609,964</u>	<u>\$118,671</u>

See Accompanying Notes to the Basic Financial Statements

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$58,040	\$69,974
Investments		196
Total Assets	\$58,040	\$70,170
<u>Liabilities:</u>		
Due to Students		\$70,170
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$58,040	

See Accompanying Notes to the Basic Financial Statements

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2012

	Private Purpose Trust
<u>Additions:</u>	
Gifts and Donations	\$12,732
 <u>Deductions:</u>	
Non-Instructional Services	4,601
Change in Net Assets	8,131
Net Assets at Beginning of Year	49,909
Net Assets at End of Year	\$58,040

See Accompanying Notes to the Basic Financial Statements

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**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Note 1 - Description of the School District and Reporting Entity

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

The School District is the 287th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by ninety-six classified employees, one hundred thirty-four certified teaching personnel, and twelve administrative employees who provide services to one thousand eight hundred sixty-eight students and other community members. The School District currently operates five instructional buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Rossford Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

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

The School District's reporting entity includes the following:

Non-Public School - Within the School District's boundaries, All Saints is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, Penta Career Center, Northwestern Ohio Educational Research Council, Inc., Ohio School Plan, Wood County Schools Benefit Plan Association, Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Rossford Public Library. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 1 - Description of the School District and Reporting Entity (Continued)

The basic financial statements of Rossford Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School 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. Following are the more significant of the School District's accounting policies.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are reported in two categories, governmental and fiduciary.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 School District's only major governmental fund is the General Fund.

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various non-instructional faculty-related activities and student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds. The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting

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

Revenues - Exchange and 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund, function, and object level for the General Fund and the fund level for all other funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2012, investments consisted of nonnegotiable certificates of deposit, federal agency securities, common stock, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair value, which is based on quoted market price or current share price. 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 net asset value per share, which is the price the investment could be sold for on June 30, 2012.

The Board of Education allocates interest according to State statute. Interest revenue credited to the General Fund during fiscal year 2012 was \$49,107, which includes \$3,166 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements.

J. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets, except land and construction in progress, 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:

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	15-50 years
Buildings and Building Improvements	10 - 110 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 - 20 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Fund Balance Reserves

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

Q. Estimates

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 3 - Accountability

At June 30, 2012, the Food Service, Education Jobs, Title VI-B, Title I, Early Childhood Preschool, and Title II-A special revenue funds had deficit fund balances, in the amount of \$71,583, \$15, \$9,433, \$520, \$411, and \$3,136, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 as follows:

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 4 - Budgetary Basis of Accounting (Continued)

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	(\$2,316,422)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2011, Received in Cash FY 2012	2,942,825
Accrued FY 2012, Not Yet Received in Cash	(1,592,141)
Expenditure Accruals:	
Accrued FY 2011, Paid in Cash FY 2012	(3,446,398)
Accrued FY 2012, Not Yet Paid in Cash	3,328,205
Cash Adjustments:	
Unrecorded Activity FY 2011	1,069
Unrecorded Activity FY 2012	(8,716)
Prepaid Items	(5,093)
Advances In	107,033
Advances Out	(52,998)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(275,797)
Budget Basis	(\$1,318,433)

Note 5 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 5 - Deposits and Investments (Continued)

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 held by the School District may be deposited or invested in the following securities:

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$801,151 of the School District's bank balance of \$2,333,330 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 5 - Deposits and Investments (Continued)

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2012, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$1,002,850	10/19/16
Federal Home Loan Mortgage Corporation Notes	1,000,680	5/24/17
STAR Ohio	6,088,838	Average 53 days
Common Stock	196	
Total Investments	<u>\$8,092,564</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The Federal National Mortgage Association Notes and Federal Home Loan Mortgage Corporation Notes carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

At June 30, 2012, the School District had \$196, held within a student-managed activity fund (Stock Club), invested by the students in common stock.

The School District places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the School District's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association Notes	\$1,002,850	12.4%
Federal Home Loan Mortgage Corporation Notes	1,000,680	12.4

Note 6 - Receivables

Receivables at June 30, 2012, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, property taxes, and payment in lieu of taxes. 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. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 6 – Receivables (Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
State of Ohio	\$62
Perrysburg Local School District	2,750
Penta Career Center	5,219
Total General Fund	<u>8,031</u>
Other Governmental Funds	
Title VI-B	173,919
Title II-D	2,132
Title I	86,903
Early Childhood Preschool	4,851
Title II-A	89,331
Total Other Governmental Funds	<u>357,136</u>
Total Governmental Activities	<u>\$365,167</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District their portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 7 - Property Taxes (Continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2011, and for which there was 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 are reflected 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 deferred revenue.

The amount available as an advance at June 30, 2012, was \$1,370,835 in the General Fund. The amount available as an advance at June 30, 2011, was \$2,676,314 in the General Fund.

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

The assessed values upon which fiscal year 2012 taxes were collected are:

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$201,484,950	54.65%	\$177,677,810	52.84%
Industrial/Commercial	159,845,640	43.35	150,978,580	44.90
Public Utility	7,366,080	2.00	7,589,320	2.26
Total Assessed Value	<u>\$368,696,670</u>	<u>100.00%</u>	<u>\$336,245,710</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

Note 8 - Payment in Lieu of Taxes

According to State law, Wood County, Perrysburg Township, the City of Rossford, and the City of Northwood have entered into agreements with a number of property owners under which these governments have granted property tax exemptions to those property owners. The property owners have agreed to make payments to these governments which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreements expire.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at 6/30/11	Additions	Reductions	Balance at 6/30/12
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,202,221			\$1,202,221
Construction in Progress	4,976,368	\$37,855	(\$5,014,223)	
Total Nondepreciable Capital Assets	<u>6,178,589</u>	<u>37,855</u>	<u>(5,014,223)</u>	<u>1,202,221</u>
Depreciable Capital Assets				
Land Improvements	1,486,571	5,014,223		6,500,794
Buildings and Building Improvements	9,543,098			9,543,098
Furniture, Fixtures, and Equipment	1,669,611	92,498	(5,144)	1,756,965
Vehicles	1,550,577	23,800		1,574,377
Total Depreciable Capital Assets	<u>14,249,857</u>	<u>5,130,521</u>	<u>(5,144)</u>	<u>19,375,234</u>
Less Accumulated Depreciation				
Land Improvements	(1,212,145)	(46,946)		(1,259,091)
Buildings and Building Improvements	(6,360,468)	(187,812)		(6,548,280)
Furniture, Fixtures, and Equipment	(1,375,725)	(77,487)	5,144	(1,448,068)
Vehicles	(833,642)	(88,148)		(921,790)
Total Accumulated Depreciation	<u>(9,781,980)</u>	<u>(400,393)</u>	<u>5,144</u>	<u>(10,177,229)</u>
Depreciable Capital Assets, Net	<u>4,467,877</u>	<u>4,730,128</u>		<u>9,198,005</u>
Governmental Activities Capital Assets, Net	<u>\$10,646,466</u>	<u>\$4,767,983</u>	<u>(\$5,014,223)</u>	<u>\$10,400,226</u>

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 9 - Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$102,087
Special	28,138
Vocational	2,777
Support Services:	
Pupils	5,080
Instructional Staff	9,129
Administration	44,003
Fiscal	2,635
Operation and Maintenance of Plant	38,370
Pupil Transportation	85,181
Central	1,197
Non-Instructional Services	22,985
Extracurricular Activities	58,811
Total Depreciation Expense	<u>\$400,393</u>

Note 10 - Interfund Assets/Liabilities

At June 30, 2012, the General Fund had an interfund receivable from other governmental funds, in the amount of \$52,998, for short-term loans made to those funds.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$61,872,807
Automobile Liability	3,000,000
General School District Liability	
Per Occurrence	3,000,000
Total per Year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2012, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 11 - Risk Management (Continued)

The School District participates in the Wood County Schools Benefit Plan Association (Association), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The School District pays monthly premiums to the Association for employee medical, dental, vision, and life insurance benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 12 - Defined Benefit Pension Plans (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$1,461,293 and \$27,310 for the fiscal year ended June 30, 2012, \$1,417,391 and \$24,010 for the fiscal year ended June 30, 2011, and \$1,358,816 and \$23,359 for the fiscal year ended June 30, 2010. For fiscal year 2012, 83 percent has been contributed for both the DBP and CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The contribution to STRS Ohio for the DCP for fiscal year 2012 was \$2,978 made by the School District and \$2,127 made by the plan members. In addition, member contributions of \$19,507 were made for fiscal year 2012 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor 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 stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is 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. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 was \$409,295, \$380,603, and \$417,311, respectively. For fiscal year 2012, 46 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2012, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care 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. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$114,737, \$111,476, and \$106,846, respectively. For fiscal year 2012, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2012, .55 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 fiscal year 2012, this amount was \$35,800. For fiscal year 2012, the School District paid \$51,009 in surcharge.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Postemployment Benefits (Continued)

The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$17,725, \$46,085, and \$15,021, respectively. For fiscal year 2012, 46 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2012, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 was \$24,171, \$24,493, and \$24,817, respectively. For fiscal year 2012, 46 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Note 14 - 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-five days, administrative employees earn thirty to thirty-five days, and the superintendent and treasurer earn thirty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to eligible employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-eight days for certified employees and two hundred eighty-four days for classified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave for all employees, except the superintendent and treasurer who are paid for one-third of accrued but unused sick leave.

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to all employees through the Wood County Schools Benefit Plan Association. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

C. Separation Benefits

The School District provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System that has five years of service with the School District will be paid a \$15,000 severance bonus plus and an additional \$5,000 for each of the four years following retirement if notification of pending retirement is submitted in writing to the Superintendent no later than April 1 for retirement effective at the end of the current school year or prior to the following school year. At June 30, 2011, the School District had a liability for separation benefits of \$185,000. During fiscal year 2012, the School District had additional separation benefits of \$113,306 and paid \$55,000 in separation benefits. At June 30, 2012, the School District had a liability for separation benefits of \$243,306.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	Balance at 6/30/11	Additions	Reductions	Balance at 6/30/12	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
Compensated Absences Payable	\$1,930,603	\$217,548	\$377,316	\$1,770,835	\$212,579

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

The School District's overall debt margin was \$29,686,739 with an unvoted debt margin of \$328,898 at June 30, 2012.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 16 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Materials and Supplies Inventory		\$3,177	\$3,177
Prepaid Items	\$54,746		54,746
Total Nonspendable	54,746	3,177	57,923
Restricted for:			
Athletics and Music		67,497	67,497
Building Construction		8,311	8,311
Capital Improvements	1,742,388		1,742,388
Debt Retirement		85,887	85,887
Education Management Information Systems		4,700	4,700
Facilities Maintenance		11,208	11,208
Non-Instructional Services	1,930		1,930
Parochial School		26,724	26,724
Regular Instruction		3,733	3,733
Total Restricted	1,744,318	208,060	1,952,378
Assigned for:			
Educational Activities	50,192		50,192
Facilities Maintenance	157		157
Unpaid Obligations	185,128		185,128
Total Assigned	235,477		235,477
Unassigned (Deficit)	6,231,616	(88,275)	6,143,341
Total Fund Balance	\$8,266,157	\$122,962	\$8,389,119

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 17 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2012.

Balance June 30, 2011	\$1,446,759
Current Year Set Aside Requirement	317,995
Qualifying Expenditures	<u>(42,188)</u>
Reserve Balance June 30, 2012	<u>\$1,722,566</u>

Note 18 - Interfund Transfers

During fiscal year 2012, the General Fund made transfers to other government funds, in the amount of \$72,500, to subsidize operations of other funds.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2012, the School District paid \$109,798 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

B. Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of eleven members from the participating School Districts' elected Boards. Board members are appointed for a term of two years to serve the sixteen participating school districts. Six members are appointed during the even number years, one each from the Lucas, Ottawa, and Wood County Educational Service Centers, one each from the Bowling Green and Maumee City School Districts, and one from the Rossford Exempted Village School District. Five members are appointed during the odd number years, one each from the Fulton, Lucas, Sandusky, and Wood County Educational Service Centers and one from the Perrysburg Exempted Village School District. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 19 - Jointly Governed Organizations (Continued)

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Note 20 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from the Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

B. Wood County Schools Benefit Plan Association

The Wood County Schools Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance to the employees of the participating members. Each participating member's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each member decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Medical Mutual of Ohio, P.O. Box 943, Toledo, Ohio 43656.

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

The School 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 (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 20 - Insurance Pools (Continued)

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 21 - Related Organization

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

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

Rossford Exempted Village School is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The School District is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

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**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Federal Receipts	Federal Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553	\$65,950	\$65,950
Special Milk Program for Children	10.556	\$711	\$711
National School Lunch Program:			
Cash Assistance	10.555	323,330	323,330
Non-cash Assistance (Commodities)	10.555	75,125	75,125
Total National School Lunch Program		<u>398,455</u>	<u>398,455</u>
Total U.S. Department of Agriculture		<u>465,116</u>	<u>465,116</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<u>Title I Cluster</u>			
Title I Grants to Local Educational Agencies	84.010	287,352	309,568
ARRA - Title I Grants to Local Educational Agencies	84.389	28,539	27,544
Total Title I Cluster		<u>315,891</u>	<u>337,112</u>
Education Technology State Grants	84.318	802	802
Improving Teacher Quality State Grants	84.367	44,260	46,796
<u>Special Education Cluster</u>			
Special Education Grants to States	84.027	439,566	440,789
Special Education Preschool Grants	84.173	10,846	11,467
ARRA - Special Education Preschool Grants	84.392	7,173	4,795
ARRA - Special Education Grants to States	84.391	90,911	20,671
Total Special Education Cluster		<u>548,496</u>	<u>477,722</u>
Educational Jobs Grant	84.410	21,400	21,629
Total U.S. Department of Education		<u>930,849</u>	<u>884,061</u>
Total Federal Awards Receipts and Expenditures		<u>\$1,395,965</u>	<u>\$1,349,177</u>

The accompanying notes are an integral part of this schedule.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Rossford Exempted Village School District's (the District) 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

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Rossford Exempted Village School District
Wood County
601 Superior Street
Rossford, Ohio 43460

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 7, 2013. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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*.

Rossford Exempted Village School District
Wood County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 7, 2013.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 7, 2013



Dave Yost • Auditor of State

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

Rossford Exempted Village School District
Wood County
601 Superior Street
Rossford, Ohio 43460

To the Board of Education:

Compliance

We have audited the compliance of Rossford Exempted Village School District, Wood County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2012. 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 opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, Rossford Exempted Village School District, Wood County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

March 7, 2013

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: School Breakfast Program CFDA# 10.553, School Special Milk Program for Children CFDA# 10.556, and National School Lunch Program CFDA # 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Revised Code § 5705.39 for appropriations exceeding estimated resources	Yes	
2011-002	Ohio Revised Code § 5705.41(B) for expenditures exceeding appropriations	Yes	
2011-003	Recommendation to improve monitoring controls over Title I expenditures	Yes	

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ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 26, 2013