



Dave Yost • Auditor of State

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Rossford Exempted Village School District
Wood County
401 Glenwood Road
Rossford, Ohio 43460

To the Board of Education:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinions.

Opinion

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, 2014, and the respective changes in financial position, and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

February 17, 2015

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**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of Rossford Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Highlights for fiscal year 2014 are as follows:

In total, net position decreased \$611,069, or almost 4 percent from the prior fiscal year.

General revenues were \$21,533,666 for fiscal year 2014, or 88 percent of all revenues, and reflect the 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 position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

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

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2014. 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 District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Reporting the District's Most Significant Funds

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

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

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

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2014 and fiscal year 2013:

Table 1
Net Position

	Governmental Activities		
	2014	2013	Change
<u>Assets:</u>			
Current and Other Assets	\$22,631,016	\$21,990,086	\$640,930
Capital Assets, Net	9,422,997	9,928,215	(505,218)
Total Assets	32,054,013	31,918,301	135,712
			(continued)

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Table 1
Net Position
(continued)

	Governmental Activities		
	2014	2013	Change
<u>Liabilities:</u>			
Current and Other Liabilities	\$3,530,453	\$3,624,577	\$94,124
Long-Term Liabilities	1,812,354	1,753,230	(59,124)
Total Liabilities	<u>5,342,807</u>	<u>5,377,807</u>	<u>35,000</u>
 <u>Deferred Inflows of Resources</u>			
	<u>10,219,648</u>	<u>9,437,867</u>	<u>(781,781)</u>
 <u>Net Position:</u>			
Net Investment in Capital Assets	9,422,997	9,928,215	(505,218)
Restricted	2,740,296	2,357,502	382,794
Unrestricted	4,328,265	4,816,910	(488,645)
Total Net Position	<u>\$16,491,558</u>	<u>\$17,102,627</u>	<u>(\$611,069)</u>

The change in total assets was less than 1 percent, not a significant change. Despite a decrease in revenues, the District had an increase in cash and cash equivalents from the prior fiscal year which is reflected in the increase in current and other assets. The decrease in net capital assets and the investment in capital assets is due to annual depreciation expense. The decrease in the deferred inflows of resources is related to the amount of property taxes available to be advanced to the District at fiscal year end and, therefore, available for expenses of the current fiscal year. The amount available is dependent on the timing of individuals paying their property taxes. For fiscal year 2014, there was less available to the District so a larger amount deferred. This also contributed to the decrease in unrestricted net assets. The increase in restricted net assets is largely related to the resources restricted under the Straight A grant.

Table 2 reflects the change in net position for fiscal year 2014 and fiscal year 2013.

Table 2
Change in Net Position

	Governmental Activities		
	2014	2013	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$986,719	\$972,451	\$14,268
Operating Grants and Contributions	2,033,145	1,761,292	271,853
Total Program Revenues	<u>3,019,864</u>	<u>2,733,743</u>	<u>286,121</u>

(continued)

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Table 2
Change in Net Position

	Governmental Activities		
	2014	2013	Change
<u>Revenues:</u>			
General Revenues			
Property Taxes Levied for General Purposes	\$12,049,888	\$13,181,167	(\$1,131,279)
Payment in Lieu of Taxes	600,325	594,055	6,270
Grants and Entitlements	7,324,630	7,445,263	(120,633)
Interest	54,627	0	54,627
Gifts and Donations	1,310,304	1,570,783	(260,479)
Miscellaneous	193,892	322,956	(129,064)
Total General Revenues	<u>21,533,666</u>	<u>23,114,224</u>	<u>(1,580,558)</u>
Total Revenues	<u>24,553,530</u>	<u>25,847,967</u>	<u>(1,294,437)</u>
<u>Expenses:</u>			
Instruction:			
Regular	10,895,164	11,403,422	508,258
Special	2,415,749	2,213,166	(202,583)
Vocational	225,789	216,121	(9,668)
Adult/Continuing	30,649	21,908	(8,741)
Support Services:			
Pupils	1,984,669	1,966,170	(18,499)
Instructional Staff	1,236,595	1,526,096	289,501
Board of Education	129,136	220,915	91,779
Administration	2,015,120	2,048,654	33,534
Fiscal	503,799	473,864	(29,935)
Business	107,122	124,140	17,018
Operation and Maintenance of Plant	2,223,080	2,317,416	94,336
Pupil Transportation	985,487	960,325	(25,162)
Central	482,932	532,577	49,645
Non-Instructional Services	958,301	1,007,026	48,725
Extracurricular Activities	971,007	993,542	22,535
Total Expenses	<u>25,164,599</u>	<u>26,025,342</u>	<u>860,743</u>
Decrease in Net Position	<u>(611,069)</u>	<u>(177,375)</u>	<u>(433,694)</u>
Net Position at Beginning of Year	<u>17,102,627</u>	<u>17,280,002</u>	<u>(177,375)</u>
Net Position at End of Year	<u>\$16,491,558</u>	<u>\$17,102,627</u>	<u>(\$611,069)</u>

There was a 10 percent increase in program revenues from the prior fiscal year due to a change in the State foundation funding formula and the addition of the Straight A grant. There was a decrease in general revenues of almost 7 percent, the largest decrease reflected in property taxes. This is the result of property reappraisal lowering the assessed value of property by over \$500,000 and the continued impact of the loss of tangible personal property tax.

Expenses remained fairly similar to the prior fiscal year with a change of 3 percent. The decrease in regular instruction is largely due to a number of retirements and the replacement of those individuals with individuals lower on the salary scale. The increase in special instruction costs is offset by a similar decrease in instructional staff due to staff reclassification.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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	
	2014	2013	2014	2013
Instruction:				
Regular	\$10,895,164	\$11,403,422	\$10,289,415	\$10,925,955
Special	2,415,749	2,213,166	1,071,986	1,078,683
Vocational	225,789	216,121	214,379	209,417
Adult/Continuing	30,649	21,908	30,649	21,908
Support Services:				
Pupils	1,984,669	1,966,170	1,984,669	1,966,170
Instructional Staff	1,236,595	1,526,096	1,236,595	1,526,096
Board of Education	129,136	220,915	129,136	220,915
Administration	2,015,120	2,048,654	2,015,120	2,048,654
Fiscal	503,799	473,864	503,799	473,864
Business	107,122	124,140	107,122	124,140
Operation and Maintenance of Plant	2,223,080	2,317,416	2,223,080	2,317,416
Pupil Transportation	985,487	960,325	985,487	949,363
Central	482,932	532,577	482,932	532,577
Non-Instructional Services	958,301	1,007,026	122,114	120,223
Extracurricular Activities	971,007	993,542	748,252	776,218
Total Expenses	<u>\$25,164,599</u>	<u>\$26,025,342</u>	<u>\$22,144,735</u>	<u>\$23,291,599</u>

As can be seen above, the dependence on general revenues for most programs is significant. Only several of the District's programs receive a notable amount of program revenues to offset program costs. The special instruction program provides for 56 percent of its costs through program revenues from charges for services and 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 revenues in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance decreased 1.5 percent in the General Fund, not a significant change, and primarily due to the decrease in property tax revenue as described previously. There was also a 3 percent decrease in expenditures with modest changes in a number of programs.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

General Fund Budgeting Highlights

The 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 2014, the District amended its General Fund budget as needed. For revenues, there was no change from the original budget to the final budget. The most significant changes from the final budget to actual revenues was reflected in property taxes (budgeting conservatively due to property value changes) and intergovernmental revenue (primarily State foundation resources).

For expenditures, changes between the original budget and final budget were not significant. Actual expenditures were \$3,188,428 less than amounts budgeted due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$9,422,997 invested in capital assets (net of accumulated depreciation). Additions and disposals were not significant. For further information regarding the District's capital assets, refer to Note 9 to the basic financial statements.

Debt

The District's long-term obligations consist of compensated absences. For further information regarding the District's long-term obligations, refer to Note 16 to the basic financial statements.

Current Issues

The District's current five-year forecast indicates that the District is in a sound financial position throughout fiscal years 2015 through 2017. The District is dealing with a revaluation reduction that will cost the District a loss of over \$1,000,000 per year in property tax revenue. In calendar year 2015, 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 District has reduced the budget for the past eight fiscal years. 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.

The labor contract for certified employees is in the second year of a three-year contract, and in the first year of a three-year contract for classified staff. The District has been using the Interest Based Model of negotiating very successfully over the past decade.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James Rossler, Treasurer, Rossford Exempted Village School District, 401 Glenwood, Rossford Road, Ohio 43460.

Rossford Exempted Village School District
Statement of Net Position
June 30, 2014

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$9,146,158
Accounts Receivable	14,880
Accrued Interest Receivable	2,997
Intergovernmental Receivable	403,993
Prepaid Items	61,307
Inventory Held for Resale	9,045
Materials and Supplies Inventory	2,185
Property Taxes Receivable	12,571,491
Payment in Lieu of Taxes Receivable	418,960
Nondepreciable Capital Assets	1,202,221
Depreciable Capital Assets, Net	8,220,776
Total Assets	32,054,013
<u>Liabilities:</u>	
Accounts Payable	89,147
Accrued Wages and Benefits Payable	2,569,668
Intergovernmental Payable	591,638
Separation Benefits Payable	280,000
Long-Term Liabilities:	
Due Within One Year	189,312
Due in More Than One Year	1,623,042
Total Liabilities	5,342,807
<u>Deferred Inflows of Resources:</u>	
Property Taxes Receivable	9,803,823
Payment in Lieu of Taxes Receivable	415,825
Total Deferred Inflows of Resources	10,219,648
<u>Net Position:</u>	
Net Investment in Capital Assets	9,422,997
Restricted For:	
Set Asides	2,171,010
Debt Service	85,887
Capital Projects	8,311
Athletics	84,945
Other Purposes	390,143
Unrestricted	4,328,265
Total Net Position	\$16,491,558

See Accompanying Notes to Basic Financial Statements

Rossford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues		Net (Expense) Revenue and Change in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$10,895,164	\$442,299	\$163,450	(\$10,289,415)
Special	2,415,749	86,932	1,256,831	(1,071,986)
Vocational	225,789	0	11,410	(214,379)
Adult/Continuing	30,649	0	0	(30,649)
Support Services:				
Pupils	1,984,669	0	0	(1,984,669)
Instructional Staff	1,236,595	0	0	(1,236,595)
Board of Education	129,136	0	0	(129,136)
Administration	2,015,120	0	0	(2,015,120)
Fiscal	503,799	0	0	(503,799)
Business	107,122	0	0	(107,122)
Operation and Maintenance of Plant	2,223,080	0	0	(2,223,080)
Pupil Transportation	985,487	0	0	(985,487)
Central	482,932	0	0	(482,932)
Non-Instructional Services	958,301	236,428	599,759	(122,114)
Extracurricular Activities	971,007	221,060	1,695	(748,252)
Total Governmental Activities	\$25,164,599	\$986,719	\$2,033,145	(22,144,735)
 <u>General Revenues:</u>				
Property Taxes Levied for General Purposes				12,049,888
Payment in Lieu of Taxes				600,325
Grants and Entitlements not Restricted to Specific Programs				7,324,630
Interest				54,627
Gifts and Donations				1,310,304
Miscellaneous				193,892
Total General Revenues				21,533,666
Change in Net Position				(611,069)
Net Position at Beginning of Year				17,102,627
Net Position at End of Year				\$16,491,558

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,647,742	\$327,406	\$6,975,148
Accounts Receivable	14,880	0	14,880
Accrued Interest Receivable	2,997	0	2,997
Interfund Receivable	19,563	0	19,563
Intergovernmental Receivable	4,194	399,799	403,993
Prepaid Items	61,307	0	61,307
Inventory Held for Resale	0	9,045	9,045
Materials and Supplies Inventory	0	2,185	2,185
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	2,171,010	0	2,171,010
Property Taxes Receivable	12,571,491	0	12,571,491
Payment in Lieu of Taxes Receivable	418,960	0	418,960
Total Assets	<u>\$21,912,144</u>	<u>\$738,435</u>	<u>\$22,650,579</u>
<u>Liabilities:</u>			
Accounts Payable	\$61,096	\$28,051	\$89,147
Accrued Wages and Benefits Payable	2,431,369	138,299	2,569,668
Interfund Payable	0	19,563	19,563
Intergovernmental Payable	556,145	35,493	591,638
Total Liabilities	<u>3,048,610</u>	<u>221,406</u>	<u>3,270,016</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes Receivable	9,803,823	0	9,803,823
Payment in Lieu of Taxes Receivable	415,825	0	415,825
Unavailable Revenue	290,390	257,454	547,844
Total Deferred Inflows of Resources	<u>10,510,038</u>	<u>257,454</u>	<u>10,767,492</u>
<u>Fund Balances:</u>			
Nonspendable	61,307	2,185	63,492
Restricted	2,188,456	323,871	2,512,327
Assigned	1,376,149	0	1,376,149
Unassigned (Deficit)	4,727,584	(66,481)	4,661,103
Total Fund Balances	<u>8,353,496</u>	<u>259,575</u>	<u>8,613,071</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$21,912,144</u>	<u>\$738,435</u>	<u>\$22,650,579</u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balances \$8,613,071

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 9,422,997

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	10,877	
Accrued Interest Receivable	2,997	
Intergovernmental Receivable	257,454	
Delinquent Property Taxes Receivable	276,516	
		547,844

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

Compensated Absences Payable	(1,812,354)	
Separation Benefits Payable	(280,000)	
		(2,092,354)

Net Position of Governmental Activities \$16,491,558

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$12,169,885	\$0	\$12,169,885
Payment in Lieu of Taxes	600,325	0	600,325
Intergovernmental	7,813,329	1,526,937	9,340,266
Interest	54,627	0	54,627
Tuition and Fees	529,963	0	529,963
Extracurricular Activities	17,988	198,584	216,572
Charges for Services	0	236,428	236,428
Gifts and Donations	1,310,304	1,695	1,311,999
Miscellaneous	193,892	4,488	198,380
Total Revenues	<u>22,690,313</u>	<u>1,968,132</u>	<u>24,658,445</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,744,079	31,740	10,775,819
Special	1,932,109	447,719	2,379,828
Vocational	219,694	0	219,694
Adult/Continuing	24,249	6,400	30,649
Support Services:			
Pupils	1,721,312	258,929	1,980,241
Instructional Staff	1,173,694	47,687	1,221,381
Board of Education	129,136	0	129,136
Administration	2,007,643	0	2,007,643
Fiscal	504,428	0	504,428
Business	106,947	0	106,947
Operation and Maintenance of Plant	2,176,242	6,348	2,182,590
Pupil Transportation	957,673	7,552	965,225
Central	476,548	6,454	483,002
Non-Instructional Services	5,067	930,937	936,004
Extracurricular Activities	498,822	186,559	685,381
Capital Outlay	35,595	0	35,595
Total Expenditures	<u>22,713,238</u>	<u>1,930,325</u>	<u>24,643,563</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,925)</u>	<u>37,807</u>	<u>14,882</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	0	105,918	105,918
Transfers Out	(105,918)	0	(105,918)
Total Other Financing Sources (Uses)	<u>(105,918)</u>	<u>105,918</u>	<u>0</u>
Changes in Fund Balances	(128,843)	143,725	14,882
Fund Balances at Beginning of Year	<u>8,482,339</u>	<u>115,850</u>	<u>8,598,189</u>
Fund Balances at End of Year	<u><u>\$8,353,496</u></u>	<u><u>\$259,575</u></u>	<u><u>\$8,613,071</u></u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
 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, 2014

Changes in Fund Balances - Total Governmental Funds \$14,882

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 - Depreciable Capital Assets	81,532	
Depreciation	<u>(586,750)</u>	(505,218)

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

Delinquent Property Taxes	(119,997)	
Intergovernmental	15,814	
Tuition and Fees	<u>(732)</u>	(104,915)

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	(59,124)	
Separation Benefits Payable	<u>43,306</u>	<u>(15,818)</u>

Change in Net Position of Governmental Activities (\$611,069)

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
<u>Revenues:</u>				
Property Taxes	\$11,467,045	\$11,467,045	\$12,717,014	\$1,249,969
Payment in Lieu of Taxes	938,535	938,535	597,190	(341,345)
Intergovernmental	7,316,791	7,316,791	7,813,329	496,538
Interest	17,000	17,000	941	(16,059)
Tuition and Fees	458,800	458,800	530,575	71,775
Extracurricular Activities	18,000	18,000	17,988	(12)
Gifts and Donations	1,617,900	1,617,900	1,310,304	(307,596)
Miscellaneous	77,404	77,404	106,659	29,255
Total Revenues	<u>21,911,475</u>	<u>21,911,475</u>	<u>23,094,000</u>	<u>1,182,525</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,582,760	11,633,008	10,846,343	786,665
Special	2,237,442	2,237,442	1,917,627	319,815
Vocational	248,629	248,629	219,805	28,824
Adult/Continuing	20,000	20,000	24,249	(4,249)
Support Services:				
Pupils	2,001,770	2,002,570	1,782,032	220,538
Instructional Staff	1,643,656	1,743,111	1,228,776	514,335
Board of Education	138,125	138,125	129,001	9,124
Administration	2,120,513	2,130,013	2,029,301	100,712
Fiscal	473,685	502,244	511,204	(8,960)
Business	131,262	131,262	110,481	20,781
Operation and Maintenance of Plant	3,187,081	3,187,081	2,249,628	937,453
Pupil Transportation	1,123,747	1,123,747	977,825	145,922
Central	547,244	547,244	526,493	20,751
Non-Instructional Services	17,464	17,464	5,277	12,187
Extracurricular Activities	590,957	590,957	502,832	88,125
Capital Outlay	32,000	32,000	35,595	(3,595)
Total Expenditures	<u>26,096,335</u>	<u>26,284,897</u>	<u>23,096,469</u>	<u>3,188,428</u>
Excess of Expenditures Over Revenues	<u>(4,184,860)</u>	<u>(4,373,422)</u>	<u>(2,469)</u>	<u>4,370,953</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	100,000	100,000	151,910	51,910
Refund of Prior Year Receipts	(20,000)	(20,000)	(1,181)	18,819
Advances In	75,000	75,000	5,544	(69,456)
Advances Out	(10,000)	(10,000)	(14,956)	(4,956)
Transfers Out	(85,000)	(85,000)	(105,507)	(20,507)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>35,810</u>	<u>(24,190)</u>
Changes in Fund Balance	(4,124,860)	(4,313,422)	33,341	4,346,763
Fund Balance at Beginning of Year	8,208,169	8,208,169	8,208,169	0
Prior Year Encumbrances Appropriated	270,982	270,982	270,982	0
Fund Balance at End of Year	<u>\$4,354,291</u>	<u>\$4,165,729</u>	<u>\$8,512,492</u>	<u>\$4,346,763</u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$64,746	\$60,848
Investments	0	430
Total Assets	\$64,746	\$61,278
<u>Liabilities:</u>		
Due to Students	0	\$61,278
<u>Net Position:</u>		
Held in Trust for Scholarships	\$64,746	

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
<u>Additions:</u>	
Gifts and Donations	\$9,820
 <u>Deductions:</u>	
Non-Instructional Services	9,877
Change in Net Position	(57)
Net Position at Beginning of Year	64,803
Net Position at End of Year	\$64,746

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, 2014**

1. Description of the District and Reporting Entity

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

The District is the 291st largest in the State of Ohio (among 612 districts) in terms of enrollment. It is staffed by eighty-nine classified employees, one hundred twenty-two certified teaching personnel, and twenty administrative employees who provide services to one thousand six hundred eighty-three students and other community members. The 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 ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Rossford Exempted Village School District, this includes general operations, food service, and student related activities of the District.

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

The District's reporting entity includes the following:

Non-Public School - Within the 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 District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

The 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 20, 21, and 22 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, 2014
(Continued)**

2. Summary of Significant Accounting Policies

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. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the 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 District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the 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 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 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 District.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. 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 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 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, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the 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 and deferred inflows of resources is reported as fund balance. The 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The 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 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 District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On 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 Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District did not report any deferred outflows of resources for fiscal year 2014.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources consists of property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes accrued interest, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

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

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 and function 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 amended certificate of estimated resources requested by the 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

F. Cash and Investments

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

During fiscal year 2014, investments included federal agency securities, common stock, and STAR Ohio. 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, 2014.

The Board of Education allocates interest according to State statute. Interest revenue credited to the General Fund during fiscal year 2014 was \$54,627, which includes \$8,098 assigned from other District funds.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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 expensed/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 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 position but are not reported on the fund financial statements.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

Description	Useful Lives
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 and for services provided are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net position.

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 District will compensate the employees for the benefits through paid time off or some other means. The 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 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 District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations and federal and state grants. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance Reserves

Fund balance is divided into five classifications based primarily on the extent to which the 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.

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 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. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

The 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.

3. Accountability

At June 30, 2014, the Food Service and Title VI-B special revenue funds had deficit fund balances, in the amount of \$65,874 and \$607, 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.

4. Budgetary Basis of Accounting

While the 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).

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. Budgetary Basis of Accounting (Continued)

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).

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

Changes in Fund Balance	
GAAP Basis	(\$128,843)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2013, Received in Cash FY 2014	3,116,374
Accrued FY 2014, Not Yet Received in Cash	(2,507,091)
Expenditure Accruals:	
Accrued FY 2013, Paid in Cash FY 2014	(3,137,298)
Accrued FY 2014, Not Yet Paid in Cash	3,048,610
Cash Adjustments:	
Unrecorded Activity FY 2013	(41,074)
Unrecorded Activity FY 2014	(12,612)
Prepaid Items	(2,076)
Advances In	5,544
Advances Out	(14,956)
Transfers In	411
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(293,648)
Budget Basis	\$33,341

5. Deposits and Investments

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

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

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. Deposits and Investments (Continued)

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.

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 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 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,923,878 of the District's bank balance of \$4,243,142 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 District to a successful claim by the FDIC.

The 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 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, 2014, the District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$993,570	10/25/17
Federal National Mortgage Association Notes	1,229,387	5/21/18
Common Stock	430	
STAR Ohio	<u>3,093,856</u>	Average 51 days
Total Investments	<u><u>\$5,317,243</u></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 District.

The Federal National Mortgage Association Notes carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standards and Poor's. The 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, 2014, the District had \$430, held within a student-managed activity fund (Stock Club), invested by the students in common stock.

The 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 District's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association Notes	\$2,222,957	41.8%

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. Receivables

Receivables at June 30, 2014, 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.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Penta Career Center	\$4,194
Other Governmental Funds	
Straight A	93,294
Title VI-B	119,845
Title I	107,622
Early Childhood Preschool	4,548
Title II-A	74,490
Total Other Governmental Funds	399,799
Total Governmental Activities	\$403,993

7. Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the 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 District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. Property Taxes (Continued)

The District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2014, 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 inflows of resources - property taxes.

The amount available as an advance at June 30, 2014, was \$2,491,152 in the General Fund. The amount available as an advance at June 30, 2013, was \$3,038,281 in the General Fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$177,709,890	50.69%	\$177,621,810	50.74%
Industrial/Commercial	164,411,850	46.90	163,170,250	46.62
Public Utility	8,441,690	2.41	9,249,350	2.64
Total Assessed Value	\$350,563,430	100.00%	\$350,041,410	100.00%
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

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 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, 2014
(Continued)**

9. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,202,221	\$0	\$0	\$1,202,221
Depreciable Capital Assets				
Land Improvements	6,500,794	0	0	6,500,794
Buildings and Building Improvements	9,492,779	0	0	9,492,779
Furniture, Fixtures, and Equipment	1,773,501	7,581	(11,369)	1,769,713
Vehicles	1,426,482	73,951	0	1,500,433
Total Depreciable Capital Assets	19,193,556	81,532	(11,369)	19,263,719
Less Accumulated Depreciation				
Land Improvements	(1,535,864)	(276,773)	0	(1,812,637)
Buildings and Building Improvements	(6,653,431)	(181,799)	0	(6,835,230)
Furniture, Fixtures, and Equipment	(1,505,134)	(39,161)	11,369	(1,532,926)
Vehicles	(773,133)	(89,017)	0	(862,150)
Total Accumulated Depreciation	(10,467,562)	(586,750)	11,369	(11,042,943)
Depreciable Capital Assets, Net	8,725,994	(505,218)	0	8,220,776
Governmental Activities Capital Assets, Net	\$9,928,215	(\$505,218)	\$0	\$9,422,997

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$94,674
Special	27,334
Vocational	2,568
Support Services:	
Pupils	4,870
Instructional Staff	10,342
Administration	11,472
Fiscal	1,635
Operation and Maintenance of Plant	39,486
Pupil Transportation	85,455
Central	1,197
Non-Instructional Services	22,091
Extracurricular Activities	285,626
Total Depreciation Expense	\$586,750

10. Interfund Assets/Liabilities

At June 30, 2014, the General Fund had an interfund receivable from other governmental funds, in the amount of \$19,563, \$14,956 for short-term loans made to those funds and \$4,607 for services provided.

11. Risk Management

The 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 2014, the District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$66,926,286
Automobile Liability	3,000,000
General 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. Risk Management (Continued)

For fiscal year 2014, the 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.

The 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 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 2014, the 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 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.

12. Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2015 are as follows:

General Fund	\$293,648
Other Governmental Funds	242,933
Total	\$536,581

13. Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. Defined Benefit Pension Plans (Continued)

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.

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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$1,369,649 and \$25,201 for the fiscal year ended June 30, 2014, \$1,406,646 and \$29,184 for the fiscal year ended June 30, 2013, and \$1,461,293 and \$27,310 for the fiscal year ended June 30, 2012. For fiscal year 2014, 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 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$4,129 made by the District and \$3,244 made by the plan members. In addition, member contributions of \$19,801 were made for fiscal year 2014 for the defined contribution portion of the CP.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. Defined Benefit Pension Plans (Continued)

B. School Employees Retirement System

Plan Description - The 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 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, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$402,303, \$409,101, and \$409,295, respectively. For fiscal year 2014, 61 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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, 2014, none of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

14. Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. Postemployment Benefits (Continued)

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 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$107,614, \$110,808, and \$114,737, respectively. For fiscal year 2014, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

B. School Employees Retirement System

Plan Description - The 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 2014, .14 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 2014, this amount was \$20,250. For fiscal year 2014, the District paid \$58,548 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.

The District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$4,299, \$4,997, and \$17,725, respectively. For fiscal year 2014, 61 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. Postemployment Benefits (Continued)

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 2014, this actuarially required allocation was .76 percent of covered payroll. The District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$23,340, \$23,110, and \$24,171, respectively. For fiscal year 2014, 61 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

15. 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, the superintendent earns twenty-five days, and the treasurer earns 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 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 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 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, 2013, the District had a liability for separation benefits of \$323,306. During fiscal year 2014, the District had additional separation benefits of \$36,694 and paid \$80,000 in separation benefits. At June 30, 2014, the District had a liability for separation benefits of \$280,000.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

16. Long-Term Obligations

Changes in the District's long-term obligations during fiscal year 2014 were as follows:

	<u>Balance at 6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/14</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Long-Term Obligations					
Compensated Absences Payable	\$1,753,230	\$190,592	\$131,468	\$1,812,354	\$189,312

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

The District's overall debt margin was \$30,690,066 with an unvoted debt margin of \$341,001 at June 30, 2014.

17. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the 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:

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

17. Fund Balance (Continued)

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Materials and Supplies Inventory	\$0	\$2,185	\$2,185
Prepaid Items	61,307	0	61,307
Total Nonspendable	61,307	2,185	63,492
Restricted for:			
Athletics and Music	0	84,945	84,945
Building Construction	0	8,311	8,311
Capital Improvements	2,175,429	0	2,175,429
Debt Retirement	0	85,887	85,887
Facilities Maintenance	0	11,208	11,208
Food Service Operations	12,297	0	12,297
Non-Instructional Services	730	4,051	4,781
Parochial School	0	516	516
Regular Instruction	0	107,495	107,495
Special Instruction	0	21,458	21,458
Total Restricted	2,188,456	323,871	2,512,327
Assigned for:			
Educational Activities	67,654	0	67,654
Projected Budget Shortage	1,075,418	0	1,075,418
Unpaid Obligations	233,077	0	233,077
Total Assigned	1,376,149	0	1,376,149
Unassigned (Deficit)	4,727,584	(66,481)	4,661,103
Total Fund Balance	\$8,353,496	\$259,575	\$8,613,071

18. Set Asides

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the 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 2014.

Balance June 30, 2013	\$1,939,922
Current Year Set Aside Requirement	310,429
Qualifying Expenditures	(79,341)
Reserve Balance June 30, 2014	\$2,171,010

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

19. Interfund Transfers

During fiscal year 2014, the General Fund made transfers to other governmental funds, in the amount of \$105,918, to subsidize operations of other funds.

20. Jointly Governed Organizations

A. Northwest Ohio Computer Association

The 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 2014, the District paid \$88,940 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 nine board members appointed from participating Districts' or Educational Service Centers' elected Board of Education. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

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., 441 East Market Street, Celina, Ohio 45822.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

21. Insurance Pools

A. Ohio School Plan

The 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 twelve member board consisting of individual representatives from various plan members. Hylant Administrative Services is the Plan's administrator and is responsible for processing claims, sales, and customer service. Financial information can be obtained from the Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43624.

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 Huntington Bank, 236 South Main Street, Findlay, Ohio 45840.

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

The District participates in a group rating plan for worker's 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.

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 participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

22. 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 District for operational subsidies. Although the 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.

23. Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 District at June 30, 2014.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA		
Program Title	Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program	10.555		
Cash Assistance		\$309,527	\$309,527
Non-Cash Assistance (Commodities)		54,545	54,545
Total National School Lunch Program		<u>364,072</u>	<u>364,072</u>
School Breakfast Program	10.553	61,003	61,003
Special Milk Program for Children	10.556	566	566
Total Child Nutrition Cluster		<u>425,641</u>	<u>425,641</u>
Team Nutrition Grant	10.574	5,000	949
Total U.S. Department of Agriculture		<u>430,641</u>	<u>426,590</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	370,378	319,561
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	386,298	391,322
Special Education - Preschool Grants	84.173	12,621	12,036
Total Special Education Cluster:		<u>398,919</u>	<u>403,358</u>
Improving Teacher Quality State Grants	84.367	66,777	34,109
Total U.S. Department of Education		<u>836,074</u>	<u>757,028</u>
Total Federal Awards Receipts and Expenditures		<u>\$1,266,715</u>	<u>1,183,618</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, 2014**

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's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement 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 AUDITOR'S 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
401 Glenwood Road
Rossford, Ohio 43460

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 17, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015



Dave Yost • Auditor of State

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

Rossford Exempted Village School District
Wood County
401 Glenwood Road
Rossford, Ohio 43460

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Rossford Exempted Village School District, Wood County, Ohio's (the District) compliance with the applicable 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, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Rossford Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 5, 2015**