



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2007**



**Mary Taylor, CPA**  
Auditor of State



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Table of Contents**

<b>Title</b>	<b>Page</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Comparison - General Fund .....	18
Statement of Fund Net Assets – Enterprise Funds .....	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Enterprise Funds.....	20
Statement of Cash Flows – Enterprise Funds .....	21
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	22
Notes to the Basic Financial Statements .....	23
Independent Accountants' Report on Internal control over financial reporting and on Compliance and other Matters Required by <i>Government Auditing Standards</i> .....	47

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Van Buren Local School District  
Hancock County  
217 South Main Street  
P.O. Box 229  
Van Buren, Ohio 45889-0229

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

March 5, 2009

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED**

The discussion and analysis of Van Buren Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Highlights for fiscal year 2007 were as follows:

- Net assets for governmental activities increased \$2,196,482, or 23 percent. This was the third year in a row that revenues have exceeded expenses. Net assets for business-type activities increased \$12,719, or 19 percent.
- General revenues were \$10,541,172, or 91 percent of all governmental activities revenues, and demonstrate the School District's significant dependence on property taxes.
- The School District continues to be a member of the Hancock County Schools Insurance Consortium Group Health Plan, which is a risk sharing insurance pool. During fiscal year 2007, the pool increased the base health insurance rates by 19.5 percent (rates increased by 6 percent in fiscal year 2006). As a result of the current increase, the Board of Education's share for monthly premiums for health insurance increased from \$56,300/month to \$66,500/month.

**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 Van Buren Local School District as a financial whole, or as an entire operating entity.

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

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2007. 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 years' revenues and expenses regardless of when cash is received or paid.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

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

In the statement of net assets and the statement of activities, the School District discloses two types of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Uniform School Supplies and Adult Education funds are reported as business-type activities.

**Reporting the School District's Most Significant Funds**

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

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

Enterprise Funds - Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

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



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2007 and fiscal year 2006:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Assets</u>						
Current and Other Assets	\$15,017,875	\$14,133,866	\$78,302	\$65,583	\$15,096,177	\$14,199,449
Capital Assets, Net	14,502,568	14,540,114			14,502,568	14,540,114
Total Assets	<u>29,520,443</u>	<u>28,673,980</u>	<u>78,302</u>	<u>65,583</u>	<u>29,598,745</u>	<u>28,739,563</u>
<u>Liabilities</u>						
Current and Other Liabilities	7,891,174	8,826,508			7,891,174	8,826,508
Long-Term Liabilities	10,035,117	10,449,802			10,035,117	10,449,802
Total Liabilities	<u>17,926,291</u>	<u>19,276,310</u>			<u>17,926,291</u>	<u>19,276,310</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	5,112,568	4,675,114			5,112,568	4,675,114
Restricted	1,116,789	1,057,007			1,116,789	1,057,007
Unrestricted	5,364,795	3,665,549	78,302	65,583	5,443,097	3,731,132
Total Net Assets	<u>\$11,594,152</u>	<u>\$9,397,670</u>	<u>\$78,302</u>	<u>\$65,583</u>	<u>\$11,672,454</u>	<u>\$9,463,253</u>

A review of the above table reveals one fairly significant change from the prior fiscal year for governmental activities, that being the increase in current and other assets (increased over \$884,000). Two factors influenced this change. First, there was an increase in cash and cash equivalents of \$2.2 million. This increase is primarily due to an increase in property tax revenues (generally from the emergency operating levy) and an increase in intergovernmental revenues (largely from the tangible personal property reimbursement for revenues lost from the elimination of this tax). Second, there was a decrease in property taxes receivable of \$1.2 million. This decrease can be attributed to the elimination of tangible personal property taxes as the School District has historically received a substantial amount of tangible personal taxes revenue. This particular decrease also resulted in a decrease in current and other liabilities due to the effect on deferred revenue. In general, the net increase in current and other liabilities is also the reason for the increase in unrestricted net assets.

Although the dollar increase for business-type activities was not a great amount, the percentage of increase from the prior fiscal year was significant (19 percent). Net income associated with the business-type activities provided a larger cash balance than the prior fiscal year.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2007 and fiscal year 2006:

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Revenues</u>						
Program Revenues						
Sales and Charges for Services	\$522,083	\$401,476	\$46,153	\$38,253	\$568,236	\$439,729
Operating Grants, Contributions, and Interest	452,417	439,484			452,417	439,484
Capital Grants, Contributions, and Interest	24,663	103,257			24,663	103,257
<b>Total Program Revenues</b>	<b>999,163</b>	<b>944,217</b>	<b>46,153</b>	<b>38,253</b>	<b>1,045,316</b>	<b>982,470</b>
General Revenues						
Property Taxes	7,640,767	6,978,794			7,640,767	6,978,794
Payment in Lieu of Taxes	76,191	71,695			76,191	71,695
Grants and Entitlements not Restricted to Specific Programs	2,477,367	1,479,129			2,477,367	1,479,129
Interest	275,859	149,564			275,859	149,564
Gifts and Donations		14,862				14,862
Miscellaneous	70,988	77,126			70,988	77,126
<b>Total General Revenues</b>	<b>10,541,172</b>	<b>8,771,170</b>			<b>10,541,172</b>	<b>8,771,170</b>
<b>Total Revenues</b>	<b>11,540,335</b>	<b>9,715,387</b>	<b>46,153</b>	<b>38,253</b>	<b>11,586,488</b>	<b>9,753,640</b>
<u>Expenses</u>						
Instruction:						
Regular	4,191,330	3,823,066			4,191,330	3,823,066
Special	718,450	625,685			718,450	625,685
Vocational	137,625	158,935			137,625	158,935
Support Services:						
Pupils	321,822	319,020			321,822	319,020
Instructional Staff	300,960	258,591			300,960	258,591
Board of Education	47,331	44,198			47,331	44,198
Administration	675,795	645,753			675,795	645,753
Fiscal	400,255	330,940			400,255	330,940
Operation and Maintenance of Plant	1,006,176	983,608			1,006,176	983,608
Pupil Transportation	468,459	475,307			468,459	475,307
Central	20,152	19,742			20,152	19,742
Non-Instructional Services	238,285	254,420			238,285	254,420
Extracurricular Activities	340,894	328,987			340,894	328,987
Interest and Fiscal Charges	476,319	493,835			476,319	493,835

(Continued)

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

Table 2  
Changes in Net Assets  
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Uniform School Supplies			33,434	30,878	33,434	30,878
Adult Education				269		269
Total Expenses	9,343,853	8,762,08	33,434	31,147	9,377,287	8,793,234
Increase in Net Assets	2,196,482	953,30	12,719	7,106	2,209,201	960,406
Net Assets at Beginning of Year	9,397,670	8,444,37	65,583	58,477	9,463,253	8,502,847
Net Assets at End of Year	<u>\$11,594,152</u>	<u>\$9,397,67</u>	<u>\$78,302</u>	<u>\$65,583</u>	<u>\$11,672,454</u>	<u>\$9,463,253</u>

Program revenues were only 9 percent of total revenues for governmental activities, similar to the prior fiscal year. In general, program revenues consist of sales and charges for services such as tuition and fees, extracurricular activities/athletic event receipts, and cafeteria sales. Operating grants and contributions and capital grants and contributions reflected as program revenues are restricted intergovernmental resources which are directly associated with certain governmental activities, such as special education funding and food service subsidies, as well as resources restricted for capital acquisitions.

General revenues again made up 91 percent of the School District's total revenues. This is overwhelmingly made up of property taxes (72 percent of general revenues). Overall, revenues increased almost 19 percent due to an increase in property taxes (emergency levy - first full year of collection) and intergovernmental revenues (tangible personal property tax reimbursement), as well as interest revenue (more funds invested and better interest rates). Our School District is unusual in that there is a very high property tax base resulting from a great deal of industry within the School District's boundaries. As a result, the School District receives very little in State foundation support for operations, approximately 7 percent of total revenues received.

Program expenses for governmental activities remained fairly comparable to the prior fiscal year, except perhaps for regular and special instruction expenses which increased due to staff positions that had previously been cut. As to be expected, instruction programs are the School District's largest expense, accounting for 54 percent of all governmental activities expenses. Combined with the support services related to instruction such as pupils, instructional staff, operation and maintenance of plant, and pupil transportation, 76 percent of all of the School District's expenses are directly related to the functions of delivering education and maintaining facilities.

For business-type activities, primarily uniform school supplies (workbooks and other school supplies), 100 percent of the revenues generated are program revenues resulting from the sale of these materials.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

Governmental Activities

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 sales and charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported primarily from tax revenues.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction:				
Regular	\$4,191,330	\$3,823,066	\$3,941,958	\$3,658,702
Special	718,450	625,685	417,209	326,186
Vocational	137,625	158,935	137,560	158,862
Support Services:				
Pupils	321,822	319,020	307,822	305,020
Instructional Staff	300,960	258,591	300,960	258,591
Board of Education	47,331	44,198	47,331	44,198
Administration	675,795	645,753	675,795	645,753
Fiscal	400,255	330,940	400,255	330,940
Operation and Maintenance of Plant	1,006,176	983,608	1,005,848	981,363
Pupil Transportation	468,459	475,307	438,838	458,568
Central	20,152	19,742	20,152	19,742
Non-Instructional Services	238,285	254,420	(5,272)	26,868
Extracurricular Activities	340,894	328,987	179,915	109,242
Interest and Fiscal Charges	476,319	493,835	476,319	493,835
Total Expenses	<u>\$9,343,853</u>	<u>\$8,762,087</u>	<u>\$8,344,690</u>	<u>\$7,817,870</u>

A review of the above table reveals a great deal of comparability between the two fiscal years. The table also demonstrates that only several of the School District's programs benefit significantly from program revenues. Program revenues exceeded the costs of non-instructional services program, which is almost entirely a cafeteria operation. These revenues are made up lunch sales and federal and state subsidies for cafeteria operations. About 47 percent of extracurricular activities costs are paid for through admission charges for athletic events as well as from music or drama productions.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund experienced a significant increase in fund balance (more than doubled) due to a \$1.9 million (24 percent) increase in revenues and only an 8 percent increase in expenditures. Revenues increases were reflected in property taxes, intergovernmental revenues, and interest revenue as discussed previously.

The Uniform School Supplies enterprise fund had a 20 percent increase in net assets as sales exceed the cost of sales.

**General Fund Budgeting Highlights**

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

During fiscal year 2007, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues were not significant. The same can be said for expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the School District had \$14,502,568 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease of less than 3 percent from the prior fiscal year. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

**Debt**

At June 30, 2007, the School District had outstanding general obligation bonds, in the amount of \$9,556,804. These bonds will not be fully retired until fiscal year 2021. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 14 to the basic financial statements.

**Current Issues**

Van Buren Local School District is a rural school district located in northern Hancock County. The School District serves nine hundred sixty-eight students and employs sixty-three teachers. The School District has historically received less than 10 percent of its total operating revenue from the State foundation formula for school funding. Rather, the School District receives the majority of its funding from its local tax base, which has a present assessed valuation of \$239,109,873.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

The School District's revenues continue to exceed expenses. This should remain the case pending the renewal of the emergency levy in 2008 for collection in 2009, and the renewal of the 4.5 mill operating levy and the 1.5 mill permanent improvement levy in 2009 for collection in 2010. Additional staffing could impact the budget over the next few years. Additional staff has been added to the elementary school with an additional 1<sup>st</sup> grade teacher, 3<sup>rd</sup> grade teacher, and part-time music teacher. Additional staffing at the high school and middle school will need to be considered in the near future because of increasing enrollment and changing curriculum as required by the State. Our student enrollment has increased by over 50 students in each of the past two fiscal years. Our open enrollment numbers have increased to approximately 100 students.

New contracts with both the teaching staff and classified staff will be negotiated in the spring and summer of 2008. Close attention to salaries and benefits (most importantly insurance) will be key, along with renewal of the above levies, to maintaining a balanced budget.

Loss of tangible personal property tax will continue to have an effect on our budget. Even with reimbursement from the State, this revenue is decreasing each year. This tax will disappear in 2011. Reimbursement money will continue to decline until eliminated in 2018. It is anticipated that a portion of this lost revenue will be offset by the conclusion of a TIF currently being collected by the County for property on County Road 99. It is estimated that this TIF will conclude in 2012. The School District should begin receiving the diverted revenue at that time.

Work is continuing on repairing and replacing the roofs in the School District. The roof on the old 1918 building was repaired and a smaller roof on the 1972 addition was replaced. An access control system, including several new entrance doors, was installed in the elementary building. We are currently beginning installation of the same system in the high school/middle school building. A new data recording and monitoring system is scheduled to be installed on all of our busses. All of these systems can be upgraded with additional components to improve safety and security as this has become a high priority in the School District.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jan August, Treasurer, Van Buren Local School District, 217 South Main Street, Van Buren, Ohio 45889.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Net Assets  
June 30, 2007**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$5,116,176	\$67,885	\$5,184,061
Accounts Receivable	133	4,629	4,762
Intergovernmental Receivable	21,959		21,959
Prepaid Items	13,337		13,337
Inventory Held for Resale	2,781	5,788	8,569
Materials and Supplies Inventory	10,699		10,699
Property Taxes Receivable	7,189,522		7,189,522
Payment in Lieu of Taxes Receivable	2,663,268		2,663,268
Nondepreciable Capital Assets	157,979		157,979
Depreciable Capital Assets, Net	14,344,589		14,344,589
<b>Total Assets</b>	<b>29,520,443</b>	<b>78,302</b>	<b>29,598,745</b>
<u>Liabilities:</u>			
Accounts Payable	95,785		95,785
Accrued Wages and Benefits Payable	581,022		581,022
Intergovernmental Payable	255,844		255,844
Deferred Revenue	6,923,085		6,923,085
Accrued Interest Payable	35,438		35,438
Long-Term Liabilities:			
Due Within One Year	508,695		508,695
Due in More Than One Year	9,526,422		9,526,422
<b>Total Liabilities</b>	<b>17,926,291</b>		<b>17,926,291</b>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	5,112,568		5,112,568
Restricted For:			
Debt Service	302,618		302,618
Capital Projects	400,787		400,787
Setasides	290,715		290,715
Other Purposes	122,669		122,669
Unrestricted	5,364,795	78,302	5,443,097
<b>Total Net Assets</b>	<b>\$11,594,152</b>	<b>\$78,302</b>	<b>\$11,672,454</b>

See Accompanying Notes to Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2007**

	Expenses	Program Revenues		
		Sales and Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$4,191,330	\$205,865	\$43,507	
Special	718,450	18,106	283,135	
Vocational	137,625		65	
Support Services:				
Pupils	321,822		14,000	
Instructional Staff	300,960			
Board of Education	47,331			
Administration	675,795			
Fiscal	400,255			
Operation and Maintenance of Plant	1,006,176			\$328
Pupil Transportation	468,459		13,214	16,407
Central	20,152			
Non-Instructional Services	238,285	172,012	71,545	
Extracurricular Activities	340,894	126,100	26,951	7,928
Interest and Fiscal Charges	476,319			
Total Governmental Activities	9,343,853	522,083	452,417	24,663
<u>Business-Type Activities:</u>				
Uniform School Supplies	33,434	46,153		
Total	\$9,377,287	\$568,236	\$452,417	\$24,663

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Debt Service  
Property Taxes Levied for Permanent Improvements  
Payment in Lieu of Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Miscellaneous  
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - Restated (Note 3)  
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements



Net (Expense) Revenue  
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$3,941,958)		(\$3,941,958)
(417,209)		(417,209)
(137,560)		(137,560)
(307,822)		(307,822)
(300,960)		(300,960)
(47,331)		(47,331)
(675,795)		(675,795)
(400,255)		(400,255)
(1,005,848)		(1,005,848)
(438,838)		(438,838)
(20,152)		(20,152)
5,272		5,272
(179,915)		(179,915)
(476,319)		(476,319)
(8,344,690)		(8,344,690)
	\$12,719	12,719
(8,344,690)	12,719	(8,331,971)
6,624,168		6,624,168
712,299		712,299
304,300		304,300
76,191		76,191
2,477,367		2,477,367
275,859		275,859
70,988		70,988
10,541,172		10,541,172
2,196,482	12,719	2,209,201
9,397,670	65,583	9,463,253
\$11,594,152	\$78,302	\$11,672,454

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,731,758	\$1,084,696	\$4,816,454
Accounts Receivable	133		133
Intergovernmental Receivable	14,552	7,407	21,959
Prepaid Items	13,337		13,337
Inventory Held for Resale		2,781	2,781
Materials and Supplies Inventory	10,439	260	10,699
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	299,722		299,722
Property Taxes Receivable	6,225,714	963,808	7,189,522
Payment in Lieu of Taxes Receivable	2,663,268		2,663,268
<b>Total Assets</b>	<b>\$12,958,923</b>	<b>\$2,058,952</b>	<b>\$15,017,875</b>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$48,465	\$47,320	\$95,785
Accrued Wages and Benefits Payable	569,848	11,174	581,022
Intergovernmental Payable	246,650	9,194	255,844
Deferred Revenue	8,691,982	929,808	9,621,790
<b>Total Liabilities</b>	<b>9,556,945</b>	<b>997,496</b>	<b>10,554,441</b>
<u>Fund Balances:</u>			
Reserved for Property Taxes	209,000	34,000	243,000
Reserved for Textbooks	290,715		290,715
Reserved for Bus Purchase	9,007		9,007
Reserved for Encumbrances	79,580	148,923	228,503
Unreserved, Designated for Termination Benefits		212,075	212,075
Unreserved, Undesignated Reported in:			
General Fund	2,813,676		2,813,676
Special Revenue Funds		88,283	88,283
Debt Service Fund		311,872	311,872
Capital Projects Funds		266,303	266,303
<b>Total Fund Balances</b>	<b>3,401,978</b>	<b>1,061,456</b>	<b>4,463,434</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$12,958,923</b>	<b>\$2,058,952</b>	<b>\$15,017,875</b>

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2007**

Total Governmental Fund Balances \$4,463,434

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds. 14,502,568

Other long-term assets are not available to pay for current  
period expenditures and, therefore, are deferred in the funds:

Intergovernmental Receivable	\$12,000	
Property Taxes Receivable	23,437	
Payment in Lieu of Taxes Receivable	<u>2,663,268</u>	
		2,698,705

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

Accrued Interest Payable	(35,438)	
General Obligation Bonds Payable	(9,556,804)	
Compensated Absences Payable	<u>(478,313)</u>	
		<u>(10,070,555)</u>

Net Assets of Governmental Activities \$11,594,152

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007**

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$6,642,017	\$1,019,353	\$7,661,370
Payment in Lieu of Taxes	163,812	5,827	169,639
Intergovernmental	2,167,458	751,301	2,918,759
Interest	275,859	1,668	277,527
Tuition and Fees	226,971		226,971
Extracurricular Activities	23,084	103,016	126,100
Charges for Services		172,012	172,012
Gifts and Donations	7,928	34,351	42,279
Miscellaneous	61,279	9,902	71,181
Total Revenues	<u>9,568,408</u>	<u>2,097,430</u>	<u>11,665,838</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,939,526	80,350	4,019,876
Special	601,118	103,857	704,975
Vocational	131,392		131,392
Support Services:			
Pupils	138,331	182,265	320,596
Instructional Staff	291,482	3,837	295,319
Board of Education	47,331		47,331
Administration	657,949	561	658,510
Fiscal	371,976	24,066	396,042
Operation and Maintenance of Plant	901,025		901,025
Pupil Transportation	402,033		402,033
Central	8,892	11,260	20,152
Non-Instructional Services			
Extracurricular Activities	172,110	129,436	301,546
Capital Outlay	6,254	368,052	374,306
Debt Service:			
Principal Retirement		475,000	475,000
Interest and Fiscal Charges		455,535	455,535
Total Expenditures	<u>7,669,419</u>	<u>2,054,233</u>	<u>9,723,652</u>
Excess of Revenues Over Expenditures	<u>1,898,989</u>	<u>43,197</u>	<u>1,942,186</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	1,150		1,150
Transfers In		47,166	47,166
Transfers Out	(47,166)		(47,166)
Total Other Financing Sources (Uses)	<u>(46,016)</u>	<u>47,166</u>	<u>1,150</u>
Changes in Fund Balances	1,852,973	90,363	1,943,336
Fund Balances at Beginning of Year	<u>1,549,005</u>	<u>971,093</u>	<u>2,520,098</u>
Fund Balances at End of Year	<u>\$3,401,978</u>	<u>\$1,061,456</u>	<u>\$4,463,434</u>

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement of Activities  
For the Fiscal Year Ended June 30, 2007**

Changes in Fund Balances - Total Governmental Funds \$1,943,336

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 exceeds capital outlay in the current year:

Capital Outlay - Construction in Progress	\$3,200	
Capital Outlay - Depreciable Capital Assets	290,082	
Depreciation	(326,512)	
		(33,230)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(1,150)	
Loss on Disposal of Capital Assets	(3,166)	
		(4,316)

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

Property Taxes	(20,603)	
Payment in Lieu of Taxes	(93,448)	
Intergovernmental	(8,259)	
Tuition and Fees	(3,000)	
Miscellaneous	(193)	
		(125,503)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

475,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

Annual Accretion	(22,294)	
Accrued Interest Payable	1,510	
		(20,784)

Compensated absences 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.

(38,021)

Change in Net Assets of Governmental Activities \$2,196,482

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$6,125,988	\$6,532,516	\$6,796,454	\$263,938
Payment in Lieu of Taxes	126,410	129,410	163,812	34,402
Intergovernmental	1,995,991	1,995,991	2,168,629	172,638
Interest	128,800	128,800	275,859	147,059
Tuition and Fees	110,000	110,000	226,971	116,971
Extracurricular Activities	24,000	24,000	23,084	(916)
Gifts and Donations	21,000	11,935	7,928	(4,007)
Miscellaneous	24,000	24,700	60,941	36,241
Total Revenues	<u>8,556,189</u>	<u>8,957,352</u>	<u>9,723,678</u>	<u>766,326</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,029,920	3,994,720	3,905,164	89,556
Special	550,253	594,053	586,581	7,472
Vocational	184,071	184,071	155,574	28,497
Support Services:				
Pupils	151,643	151,643	138,212	13,431
Instructional Staff	309,465	310,664	294,241	16,423
Board of Education	93,286	88,286	56,818	31,468
Administration	703,545	703,545	665,480	38,065
Fiscal	425,437	425,437	377,195	48,242
Operation and Maintenance of Plant	1,091,846	1,091,846	967,274	124,572
Pupil Transportation	518,762	518,762	413,358	105,404
Central	23,871	23,871	8,892	14,979
Extracurricular Activities	208,837	208,837	170,461	38,376
Capital Outlay	5,000	7,000	6,254	746
Total Expenditures	<u>8,295,936</u>	<u>8,302,735</u>	<u>7,745,504</u>	<u>557,231</u>
Excess of Revenues Over Expenditures	<u>260,253</u>	<u>654,617</u>	<u>1,978,174</u>	<u>1,323,557</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets			1,150	1,150
Refund of Prior Year Expenditures		10,065	10,329	264
Refund of Prior Year Receipts	(500)	(500)		500
Transfers Out	(70,000)	(68,000)	(47,166)	20,834
Total Other Financing Sources (Uses)	<u>(70,500)</u>	<u>(58,435)</u>	<u>(35,687)</u>	<u>22,748</u>
Changes in Fund Balance	189,753	596,182	1,942,487	1,346,305
Fund Balance at Beginning of Year	1,874,787	1,874,787	1,874,787	
Prior Year Encumbrances Appropriated	72,471	72,471	72,471	
Fund Balance at End of Year	<u>\$2,137,011</u>	<u>\$2,543,440</u>	<u>\$3,889,745</u>	<u>\$1,346,305</u>

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Fund Net Assets  
Enterprise Funds  
June 30, 2007**

	Uniform School Supplies	Other Enterprise	Total Enterprise Funds
<u>Assets:</u>			
<u>Current Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$67,323	\$562	\$67,885
Accounts Receivable	4,629		4,629
Inventory Held for Resale	5,788		5,788
	\$77,740	\$562	\$78,302
<u>Net Assets:</u>			
Unrestricted	\$77,740	\$562	\$78,302

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2007**

	<u>Uniform School Supplies</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<u>Operating Revenues:</u>			
Sales	\$46,153		\$46,153
<u>Operating Expenses:</u>			
Cost of Sales	<u>33,434</u>		<u>33,434</u>
Net Income	12,719		12,719
Net Assets at Beginning of Year	<u>65,021</u>	<u>\$562</u>	<u>65,583</u>
Net Assets at End of Year	<u><u>\$77,740</u></u>	<u><u>\$562</u></u>	<u><u>\$78,302</u></u>

See Accompanying Notes to the Basic Financial Statements



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Cash Flows  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2007**

	Uniform School Supplies	Other Enterprise	Total Enterprise Funds
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$42,919		\$42,919
Cash Payments to Suppliers	(34,514)		(34,514)
Net Increase in Cash and Cash Equivalents	8,405		8,405
Cash and Cash Equivalents at Beginning of Year	58,918	\$562	59,480
Cash and Cash Equivalents at End of Year	\$67,323	\$562	\$67,885
 <u>Reconciliation of Net Income</u>			
<u>to Net Cash Provided by Operating Activities:</u>			
Net Income	\$12,719		\$12,719
 <u>Adjustments to Reconcile Net Income</u>			
<u>to Net Cash Provided by Operating Activities:</u>			
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(3,234)		(3,234)
Increase in Inventory Held for Resale	(1,080)		(1,080)
Net Cash Provided by Operating Activities	\$8,405		\$8,405

See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2007**

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$22,319</u></u>
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Liabilities:

Due to Students	<u><u>\$22,319</u></u>
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See Accompanying Notes to the Basic Financial Statements

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1936 through the consolidation of existing land areas. The School District serves an area of approximately forty-eight square miles. It is located in Hancock County and includes all of the Village of Van Buren and Allen Township and portions of Cass, Marion, and Portage Townships. The School District is the 501st largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-eight classified employees, sixty-three certified teaching personnel, and five administrative employees who provide services to nine hundred sixty-eight students and other community members. The School District currently operates an elementary school and a middle/high school.

**Reporting Entity**

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

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

The School District is associated with five jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Cooperative Vocational Career Center, Northwestern Ohio Educational Research Council, Inc., West Central Regional Professional Development Center, Northwest Ohio Special Education Regional Resource Center, Hancock County Schools Insurance Consortium Group Health Plan, and Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Van Buren Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The School District does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and business-type 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, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise 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.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**B. Fund Accounting**

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District's only major governmental fund is the General Fund.

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is the Uniform School Supplies Fund.

Uniform School Supplies Fund - The Uniform School Supplies Fund is used to account for the purchase and sale of school supplies.

The other proprietary fund of the School District accounts for the activities of adult education.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District did not have any trust funds in fiscal year 2007. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**C. Measurement Focus**

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise funds.

**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; enterprise funds and the agency fund use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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 function level within the General Fund and at the fund level for all other funds. Budgetary allocations at the object level in the General Fund, and the function and object level within all other funds are made by the School District Treasurer.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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 in effect at the time final appropriations were passed by the Board.

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

**F. Cash and Investments**

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

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2007 was \$275,859, which includes \$58,305 assigned from other School District funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies, custodial supplies, donated and purchased food, and workbooks.

**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 or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials as well as unexpended revenues restricted for bus purchases.



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**J. Capital Assets**

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

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

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	10 - 30 years
Buildings and Building Improvements	6 - 107 years
Furniture, Fixtures, and Equipment	5 - 25 years
Vehicles	5 - 15 years

**K. Compensated Absences**

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

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

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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 year. Bonds are recognized as a liability on the fund financial statements when due.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2007, the School District did not have any net assets restricted by enabling legislation.

**N. Fund Balance Reserves and Designations**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, textbooks, bus purchase, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation within the special revenue fund represents monies set aside by the Board for the future payment of termination benefits.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the School District, these revenues are sales and charges for services for uniform school supplies and adult education. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds. All revenues and expenses not meeting this definition are reported as non-operating.

**P. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers within governmental activities and within business-type activities are eliminated on the government-wide financial statements.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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 and after nonoperating revenues/expenses in the enterprise 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.

**NOTE 3 - CORRECTION OF AN ERROR, AND RESTATEMENT OF NET ASSETS**

In the prior fiscal year, the School District incorrectly recorded the receivable for payment in lieu of taxes.

	Governmental Activities
Net Assets at June 30, 2006	<u>\$6,640,954</u>
Payment in Lieu of Taxes Receivable	<u>2,756,716</u>
Restated Net Assets at June 30, 2006	<u>\$9,397,670</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING – (CONTINUED)**

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

Changes in Fund Balance	
GAAP Basis	\$1,852,973
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2006, Received in Cash FY 2007	377,284
Accrued FY 2007, Not Yet Received in Cash	(211,685)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(796,177)
Accrued FY 2007, Not Yet Paid in Cash	864,963
Prepaid Items	(990)
Materials and Supplies Inventory	(2,146)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(141,735)
Budget Basis	\$1,942,487

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)**

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

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

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

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2007, consisted of accounts (student fees and billings for user charged services), intergovernmental, and property 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. Payment in lieu of taxes, in the amount of \$2,569,820, will not be received within one year.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 6 – RECEIVABLES – (CONTINUED)**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
Various School Districts	\$14,552
Other Governmental Funds	
Food Service	7,407
Total Governmental Activities	<u>\$21,959</u>

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 7 - PROPERTY TAXES – (CONTINUED)**

The School District receives property taxes from Hancock County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2007, 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 is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$209,000 in the General Fund, \$24,000 in the Bond Retirement debt service fund, and \$10,000 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2006, was \$363,437 in the General Fund, \$45,976 in the Bond Retirement debt service fund, and \$18,587 in the Permanent Improvement capital projects fund.

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

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$106,098,340	45.22%	\$112,370,110	47.00%
Industrial/Commercial	55,792,520	23.77	64,721,800	27.07
Public Utility	7,820,500	3.33	8,550,970	3.58
Tangible Personal	64,970,299	27.68	53,466,993	22.35
<b>Total Assessed Value</b>	<b>\$234,681,659</b>	<b>100.00%</b>	<b>\$239,109,873</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$40.60		\$40.34	

**NOTE 8 - PAYMENT IN LIEU OF TAXES**

According to State law, the City of Findlay has entered into agreements with a number of property owners under which the City has granted property tax abatements to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been abated. The agreements provide for a portion of these payments to be made to the School District. The payment is received annually as an agreed upon flat amount per year. The agreements are for a thirty year period. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 9 - CAPITAL ASSETS**

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

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$154,779			\$154,779
Construction in Progress		\$3,200		3,200
Total Nondepreciable Capital Assets	154,779	3,200		157,979
Depreciable Capital Assets				
Land Improvements	422,500			422,500
Buildings and Building Improvements	14,927,543	92,246		15,019,789
Furniture, Fixtures, and Equipment	1,046,947	43,904	(\$33,204)	1,057,647
Vehicles	945,832	153,932	(84,684)	1,015,080
Total Depreciable Capital Assets	17,342,822	290,082	(117,888)	17,515,016
Less Accumulated Depreciation				
Land Improvements	(\$89,715)	(\$21,483)		(\$111,198)
Buildings and Building Improvements	(1,674,343)	(171,582)		(1,845,925)
Furniture, Fixtures, and Equipment	(555,313)	(65,579)	\$30,621	(590,271)
Vehicles	(638,116)	(67,868)	82,951	(623,033)
Total Accumulated Depreciation	(2,957,487)	(326,512)	113,572	(3,170,427)
Depreciable Capital Assets, Net	14,385,335	(36,430)	(4,316)	14,344,589
Governmental Activities Capital Assets, Net	\$14,540,114	(\$33,230)	(\$4,316)	\$14,502,568



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 9 - CAPITAL ASSETS – (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$128,132
Special	11,028
Vocational	6,233
Support Services:	
Pupils	1,226
Instructional Staff	4,699
Administration	13,938
Fiscal	3,058
Operation and Maintenance of Plant	19,602
Pupil Transportation	73,592
Non-Instructional Services	26,341
Extracurricular Activities	38,663
Total Depreciation Expense	\$326,512

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted for the following insurance coverage:

Coverage provided by Mid-American Fire and Casualty  
is as follows:

General School District Liability

    Per Occurrence \$1,000,000

    Aggregate 2,000,000

Building and Contents 27,225,596

Coverage provided by Midwestern Indemnity Company  
is as follows:

Umbrella Liability 4,000,000

Coverage provided by Consolidated Insurance Company  
is as follows:

Automobile Liability 1,000,000

Uninsured Motorists 1,000,000

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 10 - RISK MANAGEMENT – (CONTINUED)**

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.

The School District participates in the Hancock County Schools Insurance Consortium Group Health Plan (Plan), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Mental Retardation/Developmental Disabilities. The School District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

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 member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of 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 CP offers features of both the DBP and 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. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)**

A DBP or CP member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The School District's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2007, 2006, and 2005, was \$428,338, \$399,635, \$419,184, respectively; 83 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005. Contributions for the DCP and CP for the fiscal year ended June 30, 2007, were \$4,093 made by the School District and \$7,702 made by plan members.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2007 was 14 percent of annual covered payroll; 10.68 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, was \$106,395, \$99,637, and \$104,576, respectively; 45 percent has been contributed for the fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

**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, 2007, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2007, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$33,264.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$4.1 billion at June 30, 2007. For the fiscal year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000, and STRS had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members must pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount to fund health care benefits, including the surcharge, was \$48,136 for fiscal year 2007.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2006 (the latest information available), were \$295,600,000. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants currently receiving health care benefits.

**NOTE 13 - 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 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 13 - OTHER EMPLOYEE BENEFITS – (CONTINUED)**

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. The following table identifies the maximum amount of sick leave days that may be accumulated and the maximum days paid upon retirement.

	Sick Days Accumulated	Sick Days Paid Upon Retirement
Administrators	245	61.25
Certified Employees	245	61.25
Classified Employees	unlimited	53

**B. Health Care Benefits**

The School District provides medical, dental, vision, and life insurance to all employees through the Hancock County Schools Insurance Consortium Group Health Plan. 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.

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07	Amounts Due Within One Year
General Obligation Bonds					
2001 School Facilities					
Construction and Improvement					
Serial Bonds 3.3 - 4.45%	\$3,285,000		\$475,000	\$2,810,000	\$495,000
Term Bonds 5 - 5.25%	6,240,000			6,240,000	
Capital Appreciation Bonds - 5.94%	340,000			340,000	
Accretion on Capital Appreciation Bonds	144,510	\$22,294		166,804	
Total 2001 School Facilities Construction and Improvement	10,009,510	22,294	475,000	9,556,804	495,000
Compensated Absences Payable	440,292	38,021		478,313	13,695
Total Governmental Activities Long-Term Liabilities	\$10,449,802	\$60,315	\$475,000	\$10,035,117	\$508,695

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS – (CONTINUED)**

School Facilities Construction and Improvement Bonds FY 2001 - On March 29, 2001, the School District issued \$11,500,000 in voted general obligation bonds for constructing a building addition. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$4,920,000, \$6,240,000, and \$340,000, respectively. The bonds were issued for a twenty year period, with final maturity in fiscal year 2021. The bonds are being retired through the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2014, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1, 2013, in the principal amount of \$650,000. The remaining principal, in the amount of \$685,000, will mature at stated maturity.

The term bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1, 2015, in the principal amount of \$720,000. The remaining principal, in the amount of \$755,000, will mature at stated maturity.

The terms bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1 in each of the years according to the following schedule:

<u>Year</u>	<u>Amount</u>
2017	\$795,000
2018	835,000
2019	880,000

The remaining principal, in the amount of \$920,000, will mature at stated maturity.

The serial bonds maturing after December 11, 2011, are subject to redemption, at the option of the School District, either in whole or in part, on any interest payment date on or after December 1, 2010, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The bonds maturing on December 1, 2011, are not subject to redemption prior to maturity.

The capital appreciation bonds are not subject to redemption prior to maturity. The capital appreciation bonds will mature on December 1, 2009, in the amount of \$565,000. For fiscal year 2007, \$22,294 was accreted on the capital appreciation bonds for a total outstanding bond value of the capital appreciation bonds of \$506,804 at fiscal year end.

Compensated absences will be paid from the Termination Benefits special revenue fund.

The School District's overall debt margin was \$6,559,461 with an unvoted debt margin of \$177,216 at June 30, 2007.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS – (CONTINUED)**

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2007, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Interest	Total
	Serial	Term	Capital		
2008	\$495,000			\$436,135	\$931,135
2009	540,000			415,300	955,300
2010			\$340,000	629,365	969,365
2011	565,000			390,240	955,240
2012	590,000			361,365	951,365
2013-2017	620,000	\$2,810,000		1,323,058	4,753,058
2018-2021		3,430,000		353,500	3,783,500
	<u>\$2,810,000</u>	<u>\$6,240,000</u>	<u>\$340,000</u>	<u>\$3,908,963</u>	<u>\$13,298,963</u>

**NOTE 15 - SET ASIDES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts 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. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2007.

	Textbooks	Capital Improvements
Balance June 30, 2007	\$273,634	
Current Year Set Aside Requirement	134,320	\$134,320
Current Year Offsets		(\$134,320)
Qualifying Expenditures	(117,239)	
Reserve Balance June 30, 2007	<u>\$290,715</u>	<u></u>

**NOTE 16 - INTERFUND TRANSFERS**

During fiscal year 2007, the General Fund made transfers to other governmental funds, in the amount of \$47,166, to set aside resources for the future payment of termination benefits.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2007, the School District paid \$14,583 to NOACSC for various services. Financial information can be obtained from NOACSC, 645 South Main Street, Lima, Ohio 45804.

**B. Millstream Cooperative Vocational Career Center**

The Millstream Cooperative Vocational Career Center (Career Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 227 South West Street, Findlay, Ohio 45840-3377.

**C. Northwestern Ohio Educational Research Council, Inc.**

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

**D. West Central Regional Professional Development Center**

The West Central Regional Professional Development Center (Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.



**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS – (CONTINUED)**

The Center is governed by a fifty-two member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**E. Northwest Ohio Special Education Regional Resource Center**

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating School Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

**NOTE 18 - INSURANCE POOLS**

**A. Hancock County Schools Insurance Consortium Group Health Plan**

The Hancock County Schools Insurance Consortium Group Health Plan (Plan) is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Mental Retardation/Developmental Disabilities. The Plan is a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Trustee, Sky Bank, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Sky Insurance, P.O. Box 10079, 1695 Indian Wood Circle, Maumee, OH 43537.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School 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.

**VAN BUREN LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**NOTE 18 - INSURANCE POOLS – (CONTINUED)**

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

**B. Litigation**

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



# Mary Taylor, CPA

Auditor of State

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

Van Buren Local School District  
Hancock County  
217 South Main Street  
P.O. Box 229  
Van Buren, Ohio 45889-0229

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, (the School District) as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated March 5, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

March 5, 2009



**Mary Taylor, CPA**  
Auditor of State

**VAN BUREN LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MARCH 26, 2009**