

Greenfield Exempted Village Schools
Highland County, Ohio
Single Audit
July 1, 2006 through June 30, 2007
Fiscal Year Audited Under GAGAS: 2007

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Mary Taylor, CPA
Auditor of State

Board of Education
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

We have reviewed the *Independent Auditor's Report* of the Greenfield Exempted Village School District, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 17, 2008

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Greenfield Exempted Village School District
Highland County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenfield Exempted Village School District (the School District), Highland County, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

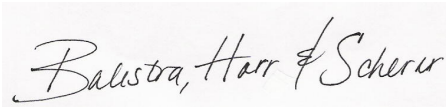
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective 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 February 29, 2008, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Greenfield Exempted Village School District
Independent Auditor's Report
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 29, 2008

Greenfield Exempted Village Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Greenfield Exempted Village Schools (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance 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 notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets exceeded its liabilities at June 30, 2007 by \$27,254,946.
- The School District's net assets of governmental activities increased \$373,025.
- General revenues accounted for \$16,413,771 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$3,698,321 or 18 percent of total revenues of \$20,112,092.
- The School District had \$19,739,067 in expenses related to governmental activities; \$3,698,321 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Greenfield Exempted Village Schools' financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. Most of the School District's programs and services are reported here including instruction and support services.

Greenfield Exempted Village Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major fund is the General Fund.

Governmental Funds. Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational support services. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds. The School District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the School District reports it as a proprietary fund using the full accrual basis of accounting. Since the internal fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements.

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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary funds are agency funds which are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds which are used to maintain the financial activity of the School District's Scholarship Funds.

Greenfield Exempted Village Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities	
	2007	2006*
Assets:		
Current Assets	\$ 12,036,979	\$ 10,976,880
Capital Assets, Net	26,336,095	27,216,103
Total Assets	38,373,074	38,192,983
Liabilities:		
Current and Other Liabilities	6,825,379	6,957,013
Long-Term Liabilities	4,292,749	4,354,049
Total Liabilities	11,118,128	11,311,062
Net Assets:		
Invested in Capital Assets, Net of Related Debt	23,491,095	24,231,103
Restricted	1,730,686	2,077,725
Unrestricted	2,033,165	573,093
Total Net Assets	\$ 27,254,946	\$ 26,881,921

* As Restated – See Note 3.

Total net assets of the School District as a whole increased \$373,025. The primary reason for the increase in current assets was due to an increase of equity in pooled cash and cash equivalents of \$814,607. The decrease in capital assets was primarily due to depreciation expense.

Greenfield Exempted Village Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Table 2 shows the changes in net assets for 2007 compared to 2006.

Table 2
Change in Net Assets

	Governmental Activities	
	2007	2006*
Revenue		
Program Revenues:		
Charges for Services and Sales	\$ 911,301	\$ 907,646
Operating Grants and Contributions	2,787,020	2,703,094
Capital Grants and Contributions	-	26,752
Total Program Revenues	<u>3,698,321</u>	<u>3,637,492</u>
General Revenue:		
Income Taxes	1,892,844	1,749,382
Grants and Entitlements, Not Restricted for Specific Programs	10,703,675	10,781,063
Gifts and Donations, Not Restricted for Specific Programs	50,452	16,015
Investment Earnings	203,735	101,407
Miscellaneous	331,914	457,463
Property Taxes	3,231,151	2,987,318
Gain on Sale of Capital Assets	-	55,605
Total General Revenues	<u>16,413,771</u>	<u>16,148,253</u>
Total Revenues	<u>20,112,092</u>	<u>19,785,745</u>
Program Expenses		
Instruction		
Regular	9,831,204	8,502,502
Special	1,572,903	1,750,386
Vocational	518,185	531,700
Adult/Continuing	-	1,023
Other	716,274	656,571
Support Services		
Pupils	762,704	922,666
Instructional Staff	265,768	379,190
Board of Education	99,669	77,757
Administration	1,607,371	1,528,665
Fiscal	380,451	351,868
Operation and Maintenance of Plant	1,727,225	1,847,308
Pupil Transportation	1,093,876	1,061,641
Operation of Non-Instructional Services	665,779	623,150
Extracurricular Activities	350,937	325,737
Interest and Fiscal Charges	146,721	171,989
Total Expenses	<u>19,739,067</u>	<u>18,732,153</u>
Increase in Net Assets	373,025	1,053,592
Net Assets at Beginning of Year	26,881,921	25,828,329
Net Assets at End of Year	<u>\$ 27,254,946</u>	<u>\$ 26,881,921</u>

* As restated – See Note 3.

Greenfield Exempted Village Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Governmental Activities

Charges for services and sales comprised 5 percent of revenue for governmental activities, while operating grants and contributions comprised 14 percent of revenue for governmental activities of the School District for fiscal year 2007. Income tax revenue comprised 9 percent of revenue for governmental activities. Property tax revenue comprised 16 percent of revenue for governmental activities for fiscal year 2007. Grants and entitlements, not restricted for specific programs, comprised 53 percent of revenue for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 50 percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program Expenses				
Instruction:				
Regular	\$ 9,831,204	\$ 9,153,543	\$ 8,502,502	\$ 7,937,114
Special	1,572,903	547,896	1,750,386	827,383
Vocational	518,185	502,748	531,700	515,901
Adult\Continuing	-	-	1,023	873
Other	716,274	694,854	656,571	636,990
Support Services:				
Pupils	762,704	674,058	922,666	759,409
Instructional Staff	265,768	215,992	379,190	296,721
Board of Education	99,669	96,689	77,757	75,438
Administration	1,607,371	1,491,397	1,528,665	1,467,082
Fiscal	380,451	364,402	351,868	340,438
Operation and Maintenance of Plant	1,727,225	1,624,672	1,847,308	1,563,661
Pupil Transportation	1,093,876	473,634	1,061,641	426,767
Operation of Non-Instructional Services	665,779	55,871	623,150	(6,366)
Extracurricular Activities	350,937	26,744	325,737	83,552
Interest and Fiscal Charges	146,721	118,246	171,989	169,698
Total	<u>\$ 19,739,067</u>	<u>\$ 16,040,746</u>	<u>\$ 18,732,153</u>	<u>\$ 15,094,661</u>

THE SCHOOL DISTRICT'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$20,064,537 and expenditures and other financing uses of \$19,165,617. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund increased by \$962,130. This increase is due mainly to increased property taxes and income taxes in addition to interest revenue.

Greenfield Exempted Village Schools
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007
(Unaudited)

General Fund Budgeting Highlights

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

During 2007, there were several revisions to the General Fund budget. In part, these revisions decreased estimated resources by \$1,681,590 and decreased appropriations by \$286,632. The General fund's ending unobligated cash balance was \$2,076,476. The decrease in estimated resources was due to receiving less than expected property and income taxes. The decrease in expenditures relates directly to the decrease in expected costs in support services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, the School District had \$26,336,095 invested in its capital assets. Table 4 shows the fiscal year 2007 balances compared to 2006.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2007	2006
Land	\$ 42,231	\$ 42,231
Land Improvements	180,843	205,131
Buildings and Improvements	24,992,733	25,783,659
Furniture and Equipment	630,150	694,671
Vehicles	490,138	490,411
Totals	\$ 26,336,095	\$ 27,216,103

Changes in capital assets from the prior year resulted from the addition of furniture and equipment and vehicles and depreciation expense. See Note 7 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2007, the School District had one outstanding General Obligation Bond in the amount of \$2,845,000. This bond was issued for the purpose of improvements. See Note 13 to the basic financial statements for more detailed information relating to debt.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joe Smith, Treasurer, Greenfield Exempted Village Schools, 200 North Fifth Street, Greenfield, Ohio 45123.

Greenfield Exempted Village Schools
Statement of Net Assets
June 30, 2007

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 5,621,453
Intergovernmental Receivable	157,545
Taxes Receivable	6,257,981
Noncurrent Assets:	
Non-Depreciable Capital Assets	42,231
Depreciable Capital Assets, net	<u>26,293,864</u>
<i>Total Assets</i>	<u><u>38,373,074</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	44,245
Accrued Wages and Benefits	1,040,046
Intergovernmental Payable	389,302
Accrued Interest Payable	11,818
Deferred Revenue	5,314,795
Claims Payable	25,173
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	203,270
Due in More Than One Year	<u>4,089,479</u>
<i>Total Liabilities</i>	<u><u>11,118,128</u></u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	23,491,095
Restricted for Debt Service	638,546
Restricted for Capital Outlay	462,881
Restricted for Other Purposes	629,259
Unrestricted	<u>2,033,165</u>
<i>Total Net Assets</i>	<u><u>\$ 27,254,946</u></u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 9,831,204	\$ 308,238	\$ 369,423	\$ (9,153,543)
Special	1,572,903	89,609	935,398	(547,896)
Vocational	518,185	15,437	-	(502,748)
Other	716,274	21,420	-	(694,854)
Support Services:				
Pupils	762,704	29,697	58,949	(674,058)
Instructional Staff	265,768	12,318	37,458	(215,992)
Board of Education	99,669	2,980	-	(96,689)
Administration	1,607,371	55,167	60,807	(1,491,397)
Fiscal	380,451	11,471	4,578	(364,402)
Operation and Maintenance of Plant	1,727,225	55,397	47,156	(1,624,672)
Pupil Transportation	1,093,876	34,382	585,860	(473,634)
Operation of Non-Instructional Services	665,779	81,260	528,648	(55,871)
Extracurricular Activities	350,937	193,925	130,268	(26,744)
Interest and Fiscal Charges	146,721	-	28,475	(118,246)
<i>Total Governmental Activities</i>	<u>\$ 19,739,067</u>	<u>\$ 911,301</u>	<u>\$ 2,787,020</u>	<u>(16,040,746)</u>
General Revenues:				
Taxes Levied for:				
General Purposes				2,858,846
Debt Service				309,616
Classroom Facilities				62,689
Income Taxes				1,892,844
Grants and Entitlements, Not Restricted to Specific Programs				10,703,675
Gifts and Donations, Not Restricted to Specific Programs				50,452
Investment Earnings				203,735
Miscellaneous				331,914
<i>Total General Revenues</i>				<u>16,413,771</u>
<i>Change in Net Assets</i>				373,025
<i>Net Assets Beginning of Year, As Restated - See Note 3</i>				<u>26,881,921</u>
<i>Net Assets End of Year</i>				<u>\$ 27,254,946</u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 2,654,496	\$ 2,175,411	\$ 4,829,907
Investments	-	-	-
Interfund Receivable	560,712	-	560,712
Intergovernmental Receivable	-	157,545	157,545
Taxes Receivable	5,837,398	420,583	6,257,981
<i>Total Assets</i>	<u>\$ 9,052,606</u>	<u>\$ 2,753,539</u>	<u>\$ 11,806,145</u>
LIABILITIES:			
Accounts Payable	43,345	900	44,245
Accrued Wages and Benefits	1,002,248	37,798	1,040,046
Interfund Payable	-	560,712	560,712
Intergovernmental Payable	369,727	19,575	389,302
Deferred Revenue	5,044,548	416,302	5,460,850
<i>Total Liabilities</i>	<u>6,459,868</u>	<u>1,035,287</u>	<u>7,495,155</u>
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	586,201	262,237	848,438
Reserved for Property Taxes	120,075	15,773	135,848
Unreserved, Undesignated, Reported in:			
General Fund	1,886,462	-	1,886,462
Special Revenue Funds	-	568,579	568,579
Debt Service Funds	-	612,488	612,488
Capital Projects Funds	-	259,175	259,175
<i>Total Fund Balances</i>	<u>2,592,738</u>	<u>1,718,252</u>	<u>4,310,990</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 9,052,606</u>	<u>\$ 2,753,539</u>	<u>\$ 11,806,145</u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances		\$ 4,310,990
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,336,095
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	134,563	
Intergovernmental	<u>11,492</u>	
Total		146,055
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		766,373
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net assets.		(11,818)
Long-Term Liabilities, including bonds and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,447,749)	
General Obligation Bonds	<u>(2,845,000)</u>	
Total		<u>(4,292,749)</u>
Net Assets of Governmental Activities		<u><u>\$ 27,254,946</u></u>

The notes to the basic financial statements are an integral part of this statement.

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

	<u>General</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property Taxes	\$ 2,823,227	\$ 368,220	\$ 3,191,447
Income Tax	1,892,844	-	1,892,844
Intergovernmental	11,860,604	1,618,599	13,479,203
Interest	203,641	94	203,735
Tuition and Fees	494,902	-	494,902
Rent	2,255	-	2,255
Extracurricular Activities	-	168,204	168,204
Gifts and Donations	-	50,452	50,452
Customer Sales and Services	-	245,940	245,940
Miscellaneous	251,759	80,155	331,914
<i>Total Revenues</i>	<u>17,529,232</u>	<u>2,531,664</u>	<u>20,060,896</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	8,312,152	562,013	8,874,165
Special	1,146,932	448,681	1,595,613
Vocational	513,909	-	513,909
Other	716,292	-	716,292
Support Services:			
Pupils	695,834	72,597	768,431
Instructional Staff	226,574	46,131	272,705
Board of Education	99,669	-	99,669
Administration	1,539,669	74,885	1,614,554
Fiscal	367,144	12,036	379,180
Operation and Maintenance of Plant	1,619,607	66,347	1,685,954
Pupil Transportation	1,135,171	-	1,135,171
Operation of Non-Instructional Services	-	634,398	634,398
Extracurricular Activities	190,508	160,429	350,937
Capital Outlay	-	233,778	233,778
Debt Service:			
Principal	-	140,000	140,000
Interest	-	147,220	147,220
<i>Total Expenditures</i>	<u>16,563,461</u>	<u>2,598,515</u>	<u>19,161,976</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>965,771</u>	<u>(66,851)</u>	<u>898,920</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In	-	3,641	3,641
Transfers Out	(3,641)	-	(3,641)
<i>Total Other Financing Sources and Uses</i>	<u>(3,641)</u>	<u>3,641</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	962,130	(63,210)	898,920
<i>Fund Balance at Beginning of Year - Restated - See Note 3</i>	<u>1,630,608</u>	<u>1,781,462</u>	<u>3,412,070</u>
<i>Fund Balance at End of Year</i>	<u>\$ 2,592,738</u>	<u>\$ 1,718,252</u>	<u>\$ 4,310,990</u>

The notes to the basic financial statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds \$ 898,920

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

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

Capital Asset Additions	120,819	
Current Year Depreciation	(1,000,827)	
Total		(880,008)

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

Taxes	39,704	
Intergovernmental	11,492	
Total		51,196

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

140,000

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

Increase in Compensated Absences	(78,700)	
Decrease in Interest Payable	499	
Total		(78,201)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

241,118

Net Change in Net Assets of Governmental Activities

\$ 373,025

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
GENERAL FUND
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 18,175,161	\$ 16,493,571	\$ 17,510,057	\$ 1,016,486
Total Expenditures and Other Uses	<u>17,693,938</u>	<u>17,407,306</u>	<u>17,344,342</u>	<u>62,964</u>
Net Change in Fund Balance	481,223	(913,735)	165,715	1,079,450
Fund Balance, July 1, 2006	1,123,466	1,123,466	1,123,466	-
Prior Year Encumbrances Appropriated	<u>787,295</u>	<u>787,295</u>	<u>787,295</u>	<u>-</u>
Fund Balance, June 30, 2007	<u>\$ 2,391,984</u>	<u>\$ 997,026</u>	<u>\$ 2,076,476</u>	<u>\$ 1,079,450</u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Fund Net Assets
Governmental Activities - Internal Service Fund
June 30, 2007

	<u>Internal Service</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 791,546
<i>Total Assets</i>	<u>791,546</u>
LIABILITIES:	
Claims Payable	<u>25,173</u>
<i>Total Liabilities</i>	<u>25,173</u>
NET ASSETS:	
Unrestricted	<u>766,373</u>
<i>Total Net Assets</i>	<u><u>\$ 766,373</u></u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Revenues, Expenses and Changes in Fund Net Assets
Governmental Activities - Internal Service Fund
For the Fiscal Year Ended June 30, 2007

	<u>Internal Service</u>
OPERATING REVENUES:	
Charges for Services	\$ 12,896
Other Revenues	<u>245,115</u>
<i>Total Operating Revenues</i>	<u>258,011</u>
OPERATING EXPENSES:	
Purchased Services	1,469
Other	<u>25,397</u>
<i>Total Operating Expenses</i>	<u>26,866</u>
<i>Operating Income</i>	231,145
NON-OPERATING REVENUES:	
Interest	<u>9,973</u>
<i>Total Non-Operating Revenues</i>	<u>9,973</u>
<i>Net Change in Net Assets</i>	241,118
<i>Net Assets at Beginning of Year, As Restated - See Note 3</i>	<u>525,255</u>
<i>Net Assets at End of Year</i>	<u><u>\$ 766,373</u></u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Cash Flows
Governmental Activities - Internal Service Fund
For the Fiscal Year Ended June 30, 2007

	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$ 12,896
Cash Received from Other Operating Sources	245,115
Cash Payments for Claims	(106,295)
Cash Payments for Purchased Services	(1,469)
Cash Payments for Other Operating Uses	(25,397)
<i>Net Cash Provided by Operating Activities</i>	124,850
<i>Cash Flows from Investing Activities</i>	
Interest on Investments	9,973
<i>Net Increase in Cash and Cash Equivalents</i>	134,823
Cash and Cash Equivalents at Beginning of Year	656,723
Cash and Cash Equivalents at End of Year	\$ 791,546
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income	\$ 231,145
<i>Changes in Assets and Liabilities:</i>	
Decrease in Claims Payable	(106,295)
<i>Net Cash Provided by Operating Activities</i>	\$ 124,850

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 768,138	<u>\$ 119,576</u>
Investments	<u>996,792</u>	
Total Assets	<u>1,764,930</u>	
LIABILITIES:		
Undistributed Monies		<u>\$ 119,576</u>
NET ASSETS:		
Held in Trust for Scholarships	<u>1,764,930</u>	
Total Net Assets	<u>\$ 1,764,930</u>	

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2007

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Gifts and Contributions	\$ 38,106
Investment Earnings	76,801
Increase in Fair Value of Investments	<u>180,611</u>
<i>Total Additions</i>	295,518
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>81,950</u>
Change in Net Assets	213,568
Net Assets Beginning of Year - Restated - See Note 3	<u>1,551,362</u>
Net Assets End of Year	<u><u>\$ 1,764,930</u></u>

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greenfield Exempted Village Schools (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 statute and/or federal guidelines.

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 76 square miles. It is located in Highland, Ross and Fayette Counties, and includes the Villages of Greenfield, South Salem and Rainsboro. It is staffed by 102 non-certificated employees, 155 certificated full-time teaching personnel and 11 administrative employees who provide services to 2,280 students and other community members. The School District currently operates seven instructional buildings, one administrative/instructional building, four modular/administrative instructional buildings and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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 Greenfield Exempted Village Schools, 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. The School District has no component units.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- * Boosters Clubs
- * Parent Teacher Organizations

The School District is associated with three organizations which are defined as jointly governed organizations and one risk sharing pool. These organizations are the South Central Ohio Computer Association, Hopewell Special Education Regional Resource Center, the Great Oaks Institute of Technology, and the Schools of Ohio Risk Sharing Authority, Inc. These organizations are presented in Notes 15 and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greenfield Exempted Village Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements:

During the 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

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

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

The other governmental funds of the School District account for grants and other resources, and capital projects, 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. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the run out portion of the claims from the former self-insurance program for employee medical/surgical and prescription insurance.

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. The School District's fiduciary funds are agency funds and private purpose trust 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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's agency funds are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds are used to maintain the financial activity of the School District's Scholarship Funds.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Measurement Focus (continued)

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

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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as 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 have also been reported as deferred revenue.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis of accounting, 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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates in place when the first permanent appropriations were issued. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2007.

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

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrance is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a Non-GAAP budgetary basis in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.

D. Cash, Cash Equivalents, and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, except for a portion of the Private Purpose Trust Funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as Equity in Pooled Cash and Cash Equivalents on the balance sheet.

During fiscal year 2007, the School District's investments were limited to funds invested in stocks.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents (continued)

Investments of the 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$203,641 and \$94 for all other governmental funds.

Investments of the 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 considered to be cash equivalents.

E. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

F. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

G. Compensated Absences

Vacation and personal leave 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 that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. The School District had no matured compensated absences payable as of June 30, 2007.

H. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the government-wide financial statements when due.

I. Fund Balance Reserves

The School District records reservations for portions of fund balance which are legally segregated for a specific future use or which are not available for appropriation. Unreserved undesignated fund balance represents that portion of fund balance reflected for Governmental Funds, which is available for use within the specific purpose of those funds. Fund balance reserves are established for encumbrances, endowments, and property taxes.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements 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 represent balances in special revenue funds for grants received which are restricted to their use by grantees.

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

Of the School District's \$1,730,686 in restricted net assets, none is restricted for enabling legislation.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Transactions

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

NOTE 3 – RESTATEMENT OF FUND BALANCES/NET ASSETS

Restatements were required in fund balances/net assets due to the overstatement of claims due to errors in the calculation, the improper recognition of an interfund receivable/payable, and the reclassification of funds in accordance with Auditor of State Technical Bulletin 2006-006.

	Internal Service Fund	Governmental Activities	General Fund
Net Assets, June 30, 2006	\$ 449,820	\$ 28,193,120	\$ 1,500,608
Restatements	75,435	75,435	130,000
Fund Reclassification	-	(1,386,634)	-
Restated Net Assets, June 30, 2006	\$ 525,255	\$ 26,881,921	\$ 1,630,608

	Permanent Fund	Other Governmental Funds	Private Purpose Trust Funds
Net Assets, June 30, 2006	\$ 1,386,634	\$ 1,911,462	\$ 164,728
Restatements	-	(130,000)	-
Fund Reclassification	(1,386,634)	-	1,386,634
Restated Net Assets, June 30, 2006	\$ -	\$ 1,781,462	\$ 1,551,362

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 accounting principles generally accepted in the United States of America (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 and Actual (Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and 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); and
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	
GAAP Basis	\$ 962,130
Revenue Accruals	(19,175)
Expenditure Accruals	(147,694)
Encumbrances	<u>(629,546)</u>
Budget Basis	<u><u>\$ 165,715</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's average portfolio.

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

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

Deposits Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2007, the School District's bank balance of \$6,678,874 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

Investments At fiscal year end, the School District had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)
Common Stocks	\$ 996,792	0
Total Investment	\$ 996,792	0

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting maturity of investments to five years, unless matched to a specific obligation.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to stock and Certificates of Deposit. The District's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 100% of the School District's investments are in common stocks. The School District investment policy allows for a maximum of 25% of interim funds to be invested in either, or a combined total of, certain commercial paper or certain bankers acceptances. There are no further restrictions on the amounts the School District may invest in a single issuer beyond the requirements of the Ohio Revised Code.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District. The School District's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2007 for real and public utility property taxes represents collections of calendar year 2006 taxes. Property tax payments received during calendar year 2007 for tangible personal property (other than public utility property) is for calendar year 2006 taxes.

2007 real property taxes are levied after April 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2006 and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after April 1, 2006, on the value as of December 31, 2005. Collections are made in 2007. Tangible personal property assessments are twenty-five percent of true 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.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6 - PROPERTY TAXES (continued)

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 and Other Real Estate	\$130,999,386	87.35%	\$153,219,150	92.47%
Public Utility	7,911,900	5.28%	7,430,800	4.48%
Tangible Personal Property	11,049,346	7.37%	5,047,912	3.05%
Total Assessed Value	<u>\$149,960,632</u>	<u>100.00%</u>	<u>\$165,697,862</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.10		\$28.10	

The School District receives property taxes from Fayette, Highland and Ross Counties. 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 delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2007 and for which there is an enforceable legal claim.

Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2007, was \$120,075 in the General Fund, \$2,565 in the Classroom Facilities Non-major Special Revenue Fund, and \$13,208 in the Debt Service Non-major Debt Service Fund.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 7 - CAPITAL ASSETS

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

	Ending Balance 6/30/2006	Additions	Deletions	Ending Balance 6/30/2007
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 42,231	\$ -	\$ -	\$ 42,231
Total Capital Assets, Not Being Depreciated	42,231	-	-	42,231
Capital Assets Being Depreciated				
Land Improvements	556,618	-	-	556,618
Buildings and Improvements	33,587,738	-	-	33,587,738
Furniture and Equipment	3,658,218	51,330	-	3,709,548
Vehicles	1,593,510	69,489	-	1,662,999
Total Capital Assets Being Depreciated	39,396,084	120,819	-	39,516,903
Less: Accumulated Depreciation:				
Land Improvements	(351,487)	(24,288)	-	(375,775)
Buildings and Improvements	(7,804,079)	(790,926)	-	(8,595,005)
Furniture and Equipment	(2,963,547)	(115,851)	-	(3,079,398)
Vehicles	(1,103,099)	(69,762)	-	(1,172,861)
Total Accumulated Depreciation	(12,222,212)	(1,000,827)	-	(13,223,039)
Total Capital Assets Being Depreciated, Net	27,173,872	(880,008)	-	26,293,864
Governmental Capital Assets, Net	\$ 27,216,103	\$ (880,008)	\$ -	\$ 26,336,095

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	\$903,632
Special Instruction	353
Vocational Instruction	1,952
Support Services:	
Instructional Staff	260
Administration	219
Operation and Maintenance of Plant	50,748
Pupil Transportation	13,578
Operation of Non-Instructional Services	30,085
Total Depreciation Expense	<u>\$1,000,827</u>

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 8 - RECEIVABLES

Receivables at June 30, 2007, consisted of taxes, interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Non-Major Special Revenue Funds:	<u>Amount</u>
Ohio Reads	\$ 3,123
State Programs	46,726
Title VI	70,957
Title I	36,402
Title V	<u>337</u>
Total Non-Major Special Revenue Funds	<u>157,545</u>
Total All Funds	<u><u>\$ 157,545</u></u>

NOTE 9 - 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 joined together with other school districts in Ohio to participate in the Schools of Ohio Risk Sharing Authority (SORSA), a non-profit, public entity risk sharing pool. SORSA was created to provide affordable liability, property, casualty and crime insurance coverage for its members. Each individual school district enters into an agreement with the SORSA and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the SORSA (See Note 19). The types and amount of coverage provided by the SORSA during fiscal year 2007 are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$54,721,377
Inland Marine Coverage (\$1,000 deductible)	2,000,000
Boiler & Machinery (\$1,000 deductible)	No Limit
Automobile Liability	1,000,000
Uninsured Motorists	250,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

Through September 2005, medical/surgical and prescription insurance was offered to employees through a self-insurance internal service fund. BAC administered claims for the District. The claims liability of \$25,173 reported in the Internal Service fund at June 30, 2007 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

As of October 2005, the School District contracted with United Healthcare to provide medical/surgical and prescription insurance coverage to its employees and their families. The School District continued to self-insure employee excess costs not covered by United Healthcare.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 9 - RISK MANAGEMENT (continued)

Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2006 * \$	457,216	\$ 440,115	\$ 765,863	\$ 131,468
2007	131,468	-	106,295	25,173

*As restated, See Note 3.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$250,291, \$236,103 and \$351,304; 50 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$125,734 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System (continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System (continued)

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,007,285, \$1,031,039 and \$934,221; 84 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$162,600 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

NOTE 11-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 non-certified 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 obligations 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 DB or Combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$78,702 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Fund was \$4.1 billion. 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 fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. 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. For the 2007 fiscal year, School District paid \$83,489 to fund health care benefits, including the surcharge.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 11-POSTEMPLOYMENT BENEFITS (continued)

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 the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the most recent information available, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claims costs. SERS has approximately 59,492 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for all personnel.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Financial.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2007 were as follows:

	Principal Outstanding 6/30/2006	Additions	Deletions	Principal Outstanding 6/30/2007	Due in One Year
General Obligation Bonds:					
1998 School Improvement 4.99%	\$ 2,985,000	\$ -	\$ 140,000	\$ 2,845,000	\$ 145,000
Compensated Absences	<u>1,369,049</u>	<u>1,447,749</u>	<u>1,369,049</u>	<u>1,447,749</u>	<u>58,270</u>
Total Long-Term Liabilities	<u>\$ 4,354,049</u>	<u>\$ 1,447,749</u>	<u>\$ 1,509,049</u>	<u>\$ 4,292,749</u>	<u>\$ 203,270</u>

On July 27, 1998, the School District issued long-term general obligation bonds in the amount of \$3,999,100, as a result of the School District being approved for a \$19,699,000 school facilities loan through the State Department of Education for the construction of an education complex. The 4.99% bonds will be retired in December, 2020. As a requirement of the loans, the School District was required to pass a 3.02 mill levy. The 3.02 mill levy, of which .5 mill was to be used for the retirement of the loan, with the balance of 2.52 mills to be used for the retirement of the long-term bonds issued, will be in effect for twenty-three years.

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 13 - LONG-TERM LIABILITIES (continued)

The School District has been notified by the Ohio School Facilities Commission that they will not be responsible for repaying the \$19,699,000 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$12,067,808 with an unvoted debt margin of \$165,698 at June 30, 2007. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 145,000	\$ 140,985	\$ 285,985
2009	150,000	134,420	284,420
2010	160,000	127,405	287,405
2011	165,000	119,269	284,269
2012	175,000	110,005	285,005
2013-2017	1,025,000	393,669	1,418,669
2018-2021	1,025,000	105,375	1,130,375
Totals	<u>\$ 2,845,000</u>	<u>\$ 1,131,128</u>	<u>\$ 3,976,128</u>

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 14 - INTERFUND ACTIVITY

Interfund Payables/Receivables

As of June 30, 2007, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General Fund	\$ 560,712	\$ -
Special Revenue Funds, Non-Major:		
Food Service	-	185,366
Adult Education	-	100
Termination of Benefits	-	50,000
District Managed Activities	-	6,843
Elementary Ohio Reads	-	18,000
Miscellaneous State Grants	-	48,726
Title VI	-	70,957
Vocational Education	-	5,682
Title I	-	6,675
Chapter Two	-	337
Improving Teacher Quality	-	8,026
Total Special Revenue Funds	<u>-</u>	<u>400,712</u>
Capital Projects Funds, Non-Major:		
Permanent Improvement	-	60,000
Swimming Pool Repair Fund	-	100,000
Total Capital Projects Funds	<u>-</u>	<u>160,000</u>
Totals	<u>\$ 560,712</u>	<u>\$ 560,712</u>

During the year, the District's General fund made advances to other funds in anticipation of intergovernmental grant revenue.

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

As of June 30, 2007, transfers that resulted from various interfund transactions were as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
Major Fund:		
General Fund	\$ 3,641	\$ -
Non-Major Special Revenue Funds		
School Net	-	83
Title VI	-	3,558
Total	<u>\$ 3,641</u>	<u>\$ 3,641</u>

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter school districts, and one representative from the fiscal agent. Financial information can be obtained from their fiscal agent, the Pike County Career Technology Center, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

Hopewell Special Education Regional Resource Center - The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

Great Oaks Institute of Technology - The Great Oaks Institute of Technology is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgetary and taxing authority. Great Oaks Institute of Technology was formed for the purpose of providing vocational education opportunities to the students of its member districts. To obtain financial information write to the Great Oaks Institute of Technology, at 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2006	\$0	\$0
Current year set-aside requirement	351,111	351,111
Offsets and Prior Year Carryover	(595,059)	(11,950,403)
Qualifying disbursements	(545,093)	(24,080)
Set-aside Reserve Balance Carried Forward to Future Fiscal Years	(\$789,041)	(\$11,623,372)
Set-aside Reserve Balance as of June 30, 2007	\$0	\$0

Greenfield Exempted Village Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Capital Acquisition Reserves. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 17 - 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

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

NOTE 18 – ACCOUNTABILITY

Accountability - Fund Balance Deficits

At June 30, 2007, the Food Service, Vocational Education, and Federal Programs Special Revenue Funds had fund balance deficits of \$161,635, \$5,682, and \$311, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 19 – RISK SHARING POOL

Schools of Ohio Risk Sharing Authority, Inc. – The Schools of Ohio Risk Sharing Authority, Inc. (SORSA) is a risk sharing pool serving school districts in Ohio. SORSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self-insurance pool and assisting members to prevent and reduce losses and injuries to District property and persons and property which might result in claims being made against members of SORSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automotive liability, certain property insurance and educators' errors and omissions liability insurance.

Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine directors. Only superintendents, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district's control over the budgetary and financing of SORSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from SORSA at 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

NOTE 20 – INCOME TAX

The School District levies a voted tax of one and one-quarter percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2004, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Greenfield Exempted Village School District
Highland County

Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Food Donation	NA	10.550	\$ -	\$ 80,641	\$ -	\$ 80,641
Nutrition Cluster:						
School Breakfast Program	05PU	10.553	57,873	-	57,873	-
National School Lunch Program	LLP4	10.555	266,381	-	266,381	-
Total Nutrition Cluster			<u>324,254</u>	<u>-</u>	<u>324,254</u>	<u>-</u>
Total United States Department of Agriculture			324,254	80,641	324,254	80,641
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Grants to States	6B-SF	84.027	392,858	-	462,778	-
Special Education- Preschool Grants	PGS1	84.173	7,294	-	7,294	-
<i>Passed through Southern Ohio Educational Service Center</i>						
Special Education - Grants to States	NA	84.027	70,000	-	88,891	-
Total Special Education Cluster			<u>470,152</u>	<u>-</u>	<u>558,963</u>	<u>-</u>
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	C1S1	84.010	286,209	-	284,889	-
Safe and Drug Free Schools and Communities-State Grants	DRS1	84.186	8,552	-	8,552	-
State Grants for Innovative Programs	C2S1	84.298	3,030	-	3,367	-
Education Technology State Grants	TJS1	84.318	3,387	-	3,696	-
Improving Teacher Quality State Grants	TRS1	84.367	111,726	-	111,726	-
<i>Passed through the Great Oaks Institute of Technology and Career Development</i>						
Vocational Education-Basic Grants to States	NA	84.048	-	-	7,116	-
Total United States Department of Education			<u>883,056</u>	<u>-</u>	<u>978,309</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 1,207,310</u>	<u>\$ 80,641</u>	<u>\$ 1,302,563</u>	<u>\$ 80,641</u>

NA = Pass through entity number could not be located.
See Notes to the Schedule of Federal Awards Expenditures.

GREENFIELD EXEMPTED VILLAGE SCHOOLS
Notes to Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -FOOD DONATION

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenfield Exempted Village School District, (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. This item has been identified in the accompanying schedule of findings and questioned costs as item 2007-1.

Internal Control over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency, item 2007-1, to be a material weakness.

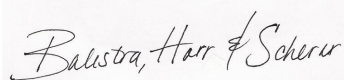
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated February 29, 2008.

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

This report is intended for the information and use of management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

February 29, 2008

BALESTRA, HARR & SCHERER CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

Compliance

We have audited the compliance of the Greenfield Exempted Village School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

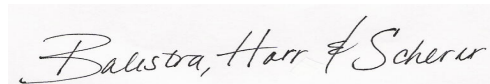
Internal Control Over Compliance (Continued)

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

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

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

This report is intended solely for the information and use of management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

February 29, 2008

GREENFIELD EXEMPTED VILLAGE LOCAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

OMB Circular A-133 Section .505

For the Fiscal Year Ended June 30, 2007

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.027 & 84.173, Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

GREENFIELD EXEMPTED VILLAGE LOCAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2007

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

Finding 2007-1

Material Weakness – Misstatements in Financial Statements

The auditors identified misstatements that should have been prevented or detected by the District's internal controls over financing reporting. The following misstatements were identified:

- Prepaid insurance improperly recorded as accrued benefits
- Unrecorded taxes receivable from Fayette County
- Inaccurate interfund activity
- Inaccurate prior period claims payable
- Inaccurate recognition of change in fair value in investments

The accompanying financial statements were adjusted to reflect material and certain immaterial misstatements. Correction of other immaterial misstatements was waived. The District should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Client Response:

The District will work with the consulting firm to correct these issues in the future.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

GREENFIELD EXEMPTED VILLAGE SCHOOL DISTRICT

HIGHLAND 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
APRIL 29, 2008**