

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

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

KAREN DAMERON, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Wauseon Exempted Village School District
126 S. Fulton Street
Wauseon, Ohio 43567

We have reviewed the *Independent Auditor's Report* of the Wauseon Exempted Village School District, Fulton County, prepared by Julian & Grube, 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 Wauseon Exempted Village School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 24, 2008

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**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education
Wauseon Exempted Village School District
126 Fulton Street
Wauseon, OH 43567

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wauseon Exempted Village School District, Fulton County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Wauseon Exempted Village School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wauseon Exempted Village 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 Wauseon Exempted Village School District, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal 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 January 9, 2008, on our consideration of Wauseon Exempted Village 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 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
Wauseon Exempted Village School District
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wauseon Exempted Village School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.
January 9, 2008

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

Highlights

Highlights for fiscal year 2007 are as follows:

In total, net assets increased \$24,017,492. This increase is the result of resources being provided to the School District by the Ohio School Facilities Commission for building construction. In May 2006, the School District was notified of the opportunity to participate in the Ohio School Facilities program. The necessary levies were passed in November 2006 allowing the School District to move forward with participation in this program. In addition, interest earnings increased due to a better market rate for savings and investments primarily stemming from the issuance of debt for the School District's contribution to the construction program.

General revenues accounted for 93 percent of total revenues and reflect the School District's significant dependence on property taxes and unrestricted state entitlements.

Using the Basic Financial Statements

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For Wauseon Exempted Village School District, the General Fund, the Bond Retirement debt service fund, and the Building and the Ohio School Facilities Commission capital projects funds are the most significant funds.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2007. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building and the Ohio School Facilities Commission capital projects funds.

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

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

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The School District as a Whole

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

	Table 1 Net Assets		
	2007	Governmental Activities 2006	Change
<u>Assets:</u>			
Current and Other Assets	\$57,416,473	\$14,060,942	\$43,355,531
Capital Assets, Net	11,896,659	11,403,849	492,810
Total Assets	<u>69,313,132</u>	<u>25,464,791</u>	<u>43,848,341</u>
<u>Liabilities:</u>			
Current and Other Liabilities	8,667,387	7,482,716	(1,184,671)
Long-Term Liabilities	30,203,453	11,557,275	(18,646,178)
Total Liabilities	<u>38,870,840</u>	<u>19,039,991</u>	<u>(19,830,849)</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	2,367,524	1,650,617	716,907
Restricted	24,991,450	1,337,880	23,653,570
Unrestricted	3,083,318	3,436,303	(352,985)
Total Net Assets	<u>\$30,442,292</u>	<u>\$6,424,800</u>	<u>\$24,017,492</u>

There was an increase of over \$43 million in current and other assets from the prior fiscal year. During fiscal year 2007, the School District issued \$18,835,000 in general obligation bonds for school construction. At fiscal year end, these unspent proceeds are reflected as cash and cash equivalents. In addition, there was an increase in intergovernmental receivables of over \$21 million related to resources being contributed by the Ohio School Facilities Commission for school construction. The receivable for property taxes increased over \$1 million as a result of voter approved levies for construction and maintenance in November 2006. These activities are also reflected in the increases in long-term liabilities and restricted net assets.

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

Table 2
Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$1,415,937	\$1,333,289	\$82,648
Operating Grants, Contributions, and Interest	1,533,479	1,491,249	42,230
Capital Grants and Contributions	15,146	138,221	(123,075)
Total Program Revenues	<u>2,964,562</u>	<u>2,962,759</u>	<u>1,803</u>
General Revenues			
Property Taxes Levied for General Purposes	4,620,730	4,969,062	(348,332)
Property Taxes Levied for Classroom Facilities Maintenance	52,164	0	52,164
Property Taxes Levied for Debt Service	1,777,920	1,247,925	529,995
Property Taxes Levied for Permanent Improvements	170,073	181,182	(11,109)
Grants and Entitlements	31,266,204	8,257,852	23,008,352
Interest	1,018,025	333,912	684,113
Miscellaneous	228,935	157,078	71,857
Total General Revenues	<u>39,134,051</u>	<u>15,147,011</u>	<u>23,987,040</u>
Total Revenues	<u>42,098,613</u>	<u>18,109,770</u>	<u>23,988,843</u>
<u>Expenses</u>			
Instruction:			
Regular	8,585,611	8,319,798	265,813
Special	1,677,951	1,743,713	(65,762)
Vocational	298,939	281,904	17,035
Support Services:			
Pupils	546,218	616,260	(70,042)
Instructional Staff	649,056	617,516	31,540
Board of Education	40,401	43,729	(3,328)
Administration	1,235,369	1,155,082	80,287
Fiscal	377,304	357,578	19,726
Business	69,157	69,591	(434)
Operation and Maintenance of Plant	1,456,568	1,488,605	(32,037)
Pupil Transportation	728,580	659,474	69,106
Central	57,933	56,594	1,339
Non-Instructional Services	806,306	840,556	(34,250)
Extracurricular Activities	563,409	561,628	1,781
Interest and Fiscal Charges	988,319	453,377	534,942
Total Expenses	<u>18,081,121</u>	<u>17,265,405</u>	<u>815,716</u>
Increase in Net Assets	24,017,492	844,365	23,173,127
Net Assets at Beginning of Year	6,424,800	5,580,435	844,365
Net Assets at End of Year	<u>\$30,442,292</u>	<u>\$6,424,800</u>	<u>24,017,492</u>

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Program revenues represent 7 percent of total revenues (compared to 16 percent in fiscal year 2006) and primarily consist of restricted intergovernmental revenues, charges and fees for tuition and extracurricular activities, and food service sales. While program revenues remained very comparable to fiscal year 2006, there was a decrease when compared to total revenues due to the increase in general revenues.

General revenues increased \$24 million from fiscal year 2006. Property tax revenues increased from the additional levies for school construction and maintenance. Unrestricted grants and entitlements increased from Ohio School Facilities resources for construction. Due to unspent bond proceeds, the School District had a significant amount of resources invested which provided for the increase in interest revenue.

Program expenses remained fairly comparable to the prior fiscal year with just a 5 percent increase. The major program expense for governmental activities continues to be for instruction, which accounted for 58 percent of all governmental expenses in fiscal year 2007. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation accounted for 11 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, a little over 8 percent. Therefore, 77 percent of the School District's expenses are directly related to providing facilities and delivering education. The remaining costs are of a more indirect nature.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction:				
Regular	\$8,585,611	\$8,319,798	\$7,690,263	\$7,519,153
Special	1,677,951	1,743,713	660,291	727,539
Vocational	298,939	281,904	216,344	200,677
Support Services:				
Pupils	546,218	616,260	533,486	602,148
Instructional Staff	649,056	617,516	649,056	617,516
Board of Education	40,401	43,729	40,401	43,729
Administration	1,235,369	1,155,082	1,235,369	1,155,082
Fiscal	377,304	357,578	377,304	357,578
Business	69,157	69,591	69,157	69,591
Operation and Maintenance of Plant	1,456,568	1,488,605	1,456,568	1,488,605
Pupil Transportation	728,580	659,474	711,309	544,078
Central	57,933	56,594	45,933	44,594

(continued)

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Non-Instructional Services	\$806,306	\$840,556	(\$19,378)	\$42,151
Extracurricular Activities	563,409	561,628	462,137	436,828
Interest and Fiscal Charges	988,319	453,377	988,319	453,377
Total Expenses	\$18,081,121	\$17,265,405	\$15,116,559	\$14,302,646

The above table demonstrates that, overall, both the total cost and net cost of services did not change significantly from fiscal year 2006, and the dependence on tax revenues and unrestricted state entitlements is considerable with 83 percent of all programs supported by these revenue sources. Over 81 percent of instruction activities are supported through taxes and other general revenues. Several programs, however, receive substantial support through program revenues. Approximately 61 percent of special instruction costs are provided for through program revenues. This is the result of various grants restricted for special instruction purposes. All non-instructional services costs were provided for through program revenues. This is primarily due to cafeteria sales, state and federal subsidies, and donated commodities for food service operations. Approximately 18 percent of extracurricular activities expenses are covered by program revenues. These program revenues are the result of music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had an insignificant decrease in its fund balance of less than 4 percent. The Bond Retirement fund experienced a sizable increase in its fund balance, 35 percent. This is because currently property tax collections have been greater than the amount needed to pay debt payments. Both the Building and Ohio School Facilities Commission capital projects funds were new funds in fiscal year 2007.

General Fund Budgeting Highlights

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

During fiscal year 2007, the School District amended its General Fund budget as needed. For revenues, changes between the original budget and final budget and between the final budget and actual amounts received were not that significant. For expenditures, changes between the original budget and final budget were not significant; however, the change between the final budgeted amount and the actual amount spent was a decrease of a little over \$1 million, due to conservative budgeting.

Wauseon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$11,896,659 invested in capital assets (net of accumulated depreciation), an increase of 4 percent. For further information regarding the School District's capital assets, refer to Note 8 to the basic financial statements.

Debt

The School District's outstanding debt at fiscal year end consisted of general obligation bonds, in the amount of \$29,023,888. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

In November 2006, the Wauseon School District voters approved a 6.99 mill bond issue to embark on an Ohio School Facilities Construction/Renovation project. The passage of this bond issue provides \$18.8 million local dollars towards the overall \$43.5 million project. The project will result in the construction of a new 3-8 building and the renovation of our existing high school and primary school. We will ultimately be abandoning our existing 3-5 elementary building and our 6- 8 middle school building.

Over the past six months, we completed two small phases of this project. Specifically, we built a new parking lot at our Leggett Street Primary School, along with some other parking and site improvements. In addition, we have cleared the way and completed site work and base construction of the road that will provide access to the new school building which will sit east of Wauseon High School.

Currently, the finishing touches are being made to construction bid documents as the project is scheduled to go out to bid soon. We hope to award construction contracts sometime in late February or early March, with formal groundbreaking to be shortly thereafter.

In addition, in August 2007, the Wauseon Exempted Village School District was labeled an "Excellent" School District for the second year in a row as spelled out by the Ohio Department of Education's Local District Report Card.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Dameron, Treasurer, Wauseon Exempted Village School District, 126 South Fulton Street, Wauseon, Ohio 43567-1350.

Wauseon Exempted Village School District
Statement of Net Assets
June 30, 2007

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$27,913,846
Accounts Receivable	11,029
Accrued Interest Receivable	31,515
Intergovernmental Receivable	21,778,146
Prepaid Items	47,264
Inventory Held for Resale	8,236
Materials and Supplies Inventory	43,038
Property Taxes Receivable	7,231,526
Unamortized Issuance Costs	351,873
Nondepreciable Capital Assets	1,051,272
Depreciable Capital Assets, Net	10,845,387
Total Assets	69,313,132
 <u>Liabilities:</u>	
Accounts Payable	14,356
Contracts Payable	8,490
Accrued Wages and Benefits Payable	1,411,886
Intergovernmental Payable	407,010
Matured Compensated Absences Payable	15,038
Deferred Revenue	6,711,904
Accrued Interest Payable	98,703
Long-Term Liabilities:	
Due Within One Year	891,894
Due in More Than One Year	29,311,559
Total Liabilities	38,870,840
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	2,367,524
Restricted For:	
Debt Service	1,782,424
Capital Projects	22,914,269
Other Purposes	294,757
Unrestricted	3,083,318
Total Net Assets	\$30,442,292

See Accompanying Notes to the Basic Financial Statements

Wauseon Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$8,585,611	\$799,998	\$95,350	\$0
Special	1,677,951	0	1,017,660	0
Vocational	298,939	0	82,595	0
Support Services:				
Pupils	546,218	0	12,732	0
Instructional Staff	649,056	0	0	0
Board of Education	40,401	0	0	0
Administration	1,235,369	0	0	0
Fiscal	377,304	0	0	0
Business	69,157	0	0	0
Operation and Maintenance of Plant	1,456,568	0	0	0
Pupil Transportation	728,580	0	5,225	12,046
Central	57,933	0	12,000	0
Non-Instructional Services	806,306	519,711	305,973	0
Extracurricular Activities	563,409	96,228	1,944	3,100
Interest and Fiscal Charges	988,319	0	0	0
Total Governmental Activities	<u>\$18,081,121</u>	<u>\$1,415,937</u>	<u>\$1,533,479</u>	<u>\$15,146</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Classroom Facilities Maintenance
Property Taxes Levied for Debt Service
Property Taxes Levied for Permanent Improvements
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental
Activities

(\$7,690,263)
(660,291)
(216,344)

(533,486)
(649,056)
(40,401)
(1,235,369)
(377,304)
(69,157)
(1,456,568)
(711,309)
(45,933)
19,378
(462,137)
(988,319)

(15,116,559)

4,620,730
52,164
1,777,920
170,073
31,266,204
1,018,025
228,935

39,134,051

24,017,492

6,424,800

\$30,442,292

Wauseon Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2007

	General	Bond Retirement	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$5,714,695	\$1,957,360	\$6,780,638	\$12,893,526	\$555,790	\$27,902,009
Accounts Receivable	1,941	0	0	0	9,088	11,029
Accrued Interest Receivable	15,060	0	0	16,411	44	31,515
Intergovernmental Receivable	7,631	302	0	21,705,037	65,176	21,778,146
Interfund Receivable	67	0	0	0	0	67
Prepaid Items	47,264	0	0	0	0	47,264
Inventory Held for Resale	0	0	0	0	8,236	8,236
Materials and Supplies Inventory	33,919	0	0	0	9,119	43,038
<u>Restricted Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	11,837	0	0	0	0	11,837
Property Taxes Receivable	4,668,798	2,308,034	0	0	254,694	7,231,526
Total Assets	<u>\$10,501,212</u>	<u>\$4,265,696</u>	<u>\$6,780,638</u>	<u>\$34,614,974</u>	<u>\$902,147</u>	<u>\$57,064,667</u>
<u>Liabilities and Fund Balances:</u>						
<u>Liabilities</u>						
Accounts Payable	\$14,356	\$0	\$0	\$0	\$0	\$14,356
Contracts Payable	0	0	391	8,099	0	8,490
Accrued Wages and Benefits Payable	1,361,387	0	0	0	50,499	1,411,886
Intergovernmental Payable	376,280	0	0	0	30,730	407,010
Interfund Payable	0	0	0	0	67	67
Matured Compensated Absences Payable	15,038	0	0	0	0	15,038
Deferred Revenue	4,406,215	2,179,541	0	21,721,448	256,281	28,563,485
Total Liabilities	<u>6,173,276</u>	<u>2,179,541</u>	<u>391</u>	<u>21,729,547</u>	<u>337,577</u>	<u>30,420,332</u>
<u>Fund Balances:</u>						
Reserved for Property Taxes	207,876	102,912	0	0	12,136	322,924
Reserved for Bus Purchase	11,837	0	0	0	0	11,837
Reserved for Encumbrances	91,493	0	493,665	373,310	802	959,270
Unreserved, Reported in:						
General Fund	4,016,730	0	0	0	0	4,016,730
Special Revenue Funds	0	0	0	0	290,204	290,204
Debt Service Fund	0	1,983,243	0	0	0	1,983,243
Capital Projects Funds	0	0	6,286,582	12,512,117	261,428	19,060,127
Total Fund Balances	<u>4,327,936</u>	<u>2,086,155</u>	<u>6,780,247</u>	<u>12,885,427</u>	<u>564,570</u>	<u>26,644,335</u>
Total Liabilities and Fund Balances	<u>\$10,501,212</u>	<u>\$4,265,696</u>	<u>\$6,780,638</u>	<u>\$34,614,974</u>	<u>\$902,147</u>	<u>\$57,064,667</u>

See Accompanying Notes to the Basic Financial Statements

Wauseon Exempted Village School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2007

Total Governmental Fund Balances		\$26,644,335
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		11,896,659
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	6,856	
Accrued Interest Receivable	31,471	
Intergovernmental Receivable	21,715,052	
Property Taxes Receivable	98,202	
		21,851,581
Unamortized issuance costs are deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		351,873
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(98,703)	
General Obligation Bonds Payable	(29,023,888)	
Compensated Absences Payable	(1,179,565)	
		(30,302,156)
Net Assets of Governmental Activities		\$30,442,292

See Accompanying Notes to the Basic Financial Statements

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

	General	Bond Retirement	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
Revenues:						
Property Taxes	\$4,634,870	\$1,766,847	\$0	\$0	\$221,390	\$6,623,107
Intergovernmental	8,770,194	247,683	0	1,027,247	1,044,796	11,089,920
Interest	515,468	0	217,559	249,640	8,453	991,120
Tuition and Fees	728,695	0	0	0	71,491	800,186
Extracurricular Activities	0	0	0	0	96,228	96,228
Charges for Services	0	0	0	0	519,711	519,711
Gifts and Donations	0	0	0	0	2,153	2,153
Miscellaneous	224,570	0	0	0	4,365	228,935
Total Revenues	<u>14,873,797</u>	<u>2,014,530</u>	<u>217,559</u>	<u>1,276,887</u>	<u>1,968,587</u>	<u>20,351,360</u>
Expenditures:						
Current:						
Instruction:						
Regular	8,107,674	0	0	0	220,597	8,328,271
Special	1,280,830	0	0	0	366,953	1,647,783
Vocational	280,455	0	0	0	10,000	290,455
Support Services:						
Pupils	448,424	0	0	0	85,916	534,340
Instructional Staff	608,609	0	0	0	31,942	640,551
Board of Education	40,401	0	0	0	0	40,401
Administration	1,221,601	0	0	0	1,950	1,223,551
Fiscal	335,418	36,964	0	0	4,728	377,110
Business	69,157	0	0	0	0	69,157
Operation and Maintenance of Plant	1,393,582	0	0	0	73,898	1,467,480
Pupil Transportation	768,562	0	0	0	45	768,607
Central	45,933	0	0	0	12,000	57,933
Non-Instructional Services	0	0	0	0	798,694	798,694
Extracurricular Activities	425,288	0	0	0	113,367	538,655
Capital Outlay	25,000	0	90,787	572,985	0	688,772
Debt Service:						
Principal Retirement	0	600,000	0	0	0	600,000
Current Refunding	0	18,835,000	0	0	0	18,835,000
Interest and Fiscal Charges	0	855,496	0	0	0	855,496
Issuance Costs	0	221,254	0	0	0	221,254
Total Expenditures	<u>15,050,934</u>	<u>20,548,714</u>	<u>90,787</u>	<u>572,985</u>	<u>1,720,090</u>	<u>37,983,510</u>
Excess of Revenues Over (Under) Expenditures	<u>(177,137)</u>	<u>(18,534,184)</u>	<u>126,772</u>	<u>703,902</u>	<u>248,497</u>	<u>(17,632,150)</u>
Other Financing Sources (Uses):						
Notes Issued	0	0	6,653,475	12,181,525	0	18,835,000
Current Refunding	0	18,835,000	0	0	0	18,835,000
Premium on Bonds Issued	0	236,176	0	0	0	236,176
Total Other Financing Sources (Uses)	<u>0</u>	<u>19,071,176</u>	<u>6,653,475</u>	<u>12,181,525</u>	<u>0</u>	<u>37,906,176</u>
Changes in Fund Balances	(177,137)	536,992	6,780,247	12,885,427	248,497	20,274,026
Fund Balances at Beginning of Year	4,505,073	1,549,163	0	0	316,073	6,370,309
Fund Balances at End of Year	<u>\$4,327,936</u>	<u>\$2,086,155</u>	<u>\$6,780,247</u>	<u>\$12,885,427</u>	<u>\$564,570</u>	<u>\$26,644,335</u>

See Accompanying Notes to the Basic Financial Statements

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

Changes in Fund Balances - Total Governmental Funds \$20,274,026

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

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

Capital Outlays - Nondepreciable Capital Assets	687,872	
Capital Outlays - Depreciable Capital Assets	100,568	
Capital Contributions	3,100	
Depreciation	<u>(298,730)</u>	492,810

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

Property Taxes	(2,220)	
Intergovernmental	21,715,090	
Interest	31,471	
Tuition and Fees	<u>(188)</u>	21,744,153

Repayment of principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 600,000

Note proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (18,835,000)

Interest is reported as an expenditure when due in governmental funds, but is accrued on outstanding debt on the statement of net assets. Premiums and issuance costs are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

Accrued Interest Payable	(66,999)	
Annual Accretion	(65,824)	
Amortization of Premium	6,033	
Amortization of Accounting Loss	(4,459)	
Amortization of Issuance Costs	(1,574)	
Unamortized Issuance Costs	221,254	
Unamortized Premium	<u>(236,176)</u>	(147,745)

Compensated absences reported on the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. (110,752)

Change in Net Assets of Governmental Activities \$24,017,492

See Accompanying Notes to the Basic Financial Statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,339,000	\$4,710,700	\$4,744,436	\$33,736
Intergovernmental	8,721,968	8,721,968	8,770,194	48,226
Interest	325,000	325,000	528,387	203,387
Tuition and Fees	619,890	619,890	723,120	103,230
Miscellaneous	120,000	120,000	217,680	97,680
Total Revenues	<u>14,125,858</u>	<u>14,497,558</u>	<u>14,983,817</u>	<u>486,259</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,191,892	8,316,441	8,072,452	243,989
Special	1,593,591	1,485,634	1,269,596	216,038
Vocational	292,750	287,685	262,549	25,136
Support Services:				
Pupils	484,711	483,991	463,677	20,314
Instructional Staff	675,683	672,660	600,813	71,847
Board of Education	52,550	53,050	38,754	14,296
Administration	1,338,044	1,320,824	1,218,246	102,578
Fiscal	366,410	381,960	338,379	43,581
Business	71,850	73,100	70,699	2,401
Operation and Maintenance of Plant	1,635,000	1,621,327	1,444,961	176,366
Pupil Transportation	809,850	810,536	754,472	56,064
Central	62,000	88,000	45,933	42,067
Extracurricular Activities	442,850	448,400	423,457	24,943
Capital Outlay	25,000	25,000	25,000	0
Total Expenditures	<u>16,042,181</u>	<u>16,068,608</u>	<u>15,028,988</u>	<u>1,039,620</u>
Excess of Revenues				
Under Expenditures	<u>(1,916,323)</u>	<u>(1,571,050)</u>	<u>(45,171)</u>	<u>1,525,879</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	500	3,500	5,111	1,611
Advances In	5,621	5,621	5,621	0
Advances Out	(5,621)	(5,621)	(67)	5,554
Total Other Financing Sources (Uses)	<u>500</u>	<u>3,500</u>	<u>10,665</u>	<u>7,165</u>
Changes in Fund Balance	(1,915,823)	(1,567,550)	(34,506)	1,533,044
Fund Balance at Beginning of Year	5,620,544	5,620,544	5,620,544	0
Prior Year Encumbrances Appropriated	59,234	59,234	59,234	0
Fund Balance at End of Year	<u>\$3,763,955</u>	<u>\$4,112,228</u>	<u>\$5,645,272</u>	<u>\$1,533,044</u>

See Accompanying Notes to the Basic Financial Statements

Wauseon Exempted Village School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$433,804	\$94,298
Accrued Interest Receivable	2,165	0
Total Assets	435,969	\$94,298
<u>Liabilities:</u>		
Undistributed Assets	0	\$94,298
<u>Net Assets:</u>		
Held in Trust for Scholarships	50,458	
Endowments	385,511	
Total Net Assets	\$435,969	

See Accompanying Notes to the Basic Financial Statements

Wauseon Exempted Village School District
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2007

Additions:

Interest	\$18,398
Gifts and Donations	19,327
Total Additions	<u>37,725</u>

Deductions:

Non-Instructional Services	<u>22,111</u>
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Change in Net Assets	15,614
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Net Assets at Beginning of Year	420,355
Net Assets at End of Year	<u><u>\$435,969</u></u>

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1865 through the consolidation of existing land areas and school districts. The School District serves an area of approximately fifty-four square miles. It is located in Fulton County, and includes all of the Village of Wauseon and portions of Clinton, Dover, and York Townships. The School District is the 262nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by seventy-nine classified employees, one hundred forty-five certified teaching personnel, and eleven administrative employees who provide services to 2,006 students and other community members. The School District currently operates four instructional buildings.

Reporting Entity

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

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

The School District participates in five jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Special Education Regional Resource Center, the Ohio School Plan, the Northern Buckeye Education Council Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers’ Compensation Group Rating Plan, and the Wauseon Public Library. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on general obligation bonds.

Building Fund - The Building capital projects fund is used to account for the construction and renovation of School District buildings.

Ohio School Facilities Commission Fund - The Ohio School Facilities Commission capital projects fund is used to account for resources from the Ohio School Facilities Commission and used for the construction and renovation of School District buildings.

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Revenues

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

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

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

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are an alternative tax budget (consists of a five-year forecast and debt schedules), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Investments

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

During fiscal year 2007, investments consisted of nonnegotiable certificates of deposit, federal agency securities, and mutual funds. Nonnegotiable certificates of deposit are reported at cost. Federal agency securities and mutual funds are reported at fair value, which is based on quoted market price or current share price.

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 was \$515,468, which includes \$173,356 assigned from other School District funds.

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

G. Prepaid Items

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

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unexpended revenues restricted for the purchase of school buses.

J. Capital Assets

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

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

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	10 - 40 years
Buildings and Building Improvements	50 - 111 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	7 - 15 years

K. Interfund Assets/Liabilities

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

L. Compensated Absences

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

Note 2 - Summary of Significant Accounting Policies (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as liabilities on the fund financial statements when due.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes. As of June 30, 2007, there were no net assets restricted by enabling legislation.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Fund Balance Reserves

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

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

P. Unamortized Issuance Costs and Bond Premiums

On government-wide financial statements, issuance costs and bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges. Premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued.

Q. Unamortized Accounting Loss

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

Note 2 - Summary of Significant Accounting Policies (continued)

R. Capital Contributions

Capital contributions arise from outside contributions of capital assets.

S. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

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

T. Estimates

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

Note 3 - Accountability

At June 30, 2007, the Ohio Reads special revenue fund had a deficit fund balance, in the amount of \$90, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 4 - Budgetary Basis of Accounting (continued)

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Changes in Fund Balance	
GAAP Basis	(\$177,137)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2006, Received in Cash FY 2007	389,445
Accrued FY 2007, Not Yet Received in Cash	(270,902)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(1,652,887)
Accrued FY 2007, Not Yet Paid in Cash	1,767,061
Cash Adjustments:	
Unrecorded Activity FY 2007	(3,412)
Prepaid Items	6,167
Materials and Supplies Inventory	(4,234)
Advances In	5,621
Advances Out	(67)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(94,161)
Budget Basis	(\$34,506)

Note 5 - Deposits and Investments

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

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

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

Note 5 - Deposits and Investments (continued)

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,286,177 of the School District's bank balance of \$19,602,196 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 5 - Deposits and Investments (continued)

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

Investments

As of June 30, 2007, the School District had the following investments.

	Fair Value	Maturity
Federal Home Loan Bank Bonds	\$496,205	February 1, 2008
Federal Home Loan Bank Bonds	465,779	March 10, 2008
Federal Home Loan Bank Notes	998,460	June 13, 2008
Federal National Mortgage Association Notes	996,560	September 15, 2008
Federal Home Loan Bank Bonds	492,085	September 29, 2008
Federal Home Loan Bank Bonds	499,470	November 6, 2008
Federal Home Loan Mortgage Corporation Notes	993,190	December 19, 2008
Federal Home Loan Mortgage Corporation Notes	745,643	March 5, 2009
Federal National Mortgage Association Notes	498,945	April 15, 2009
Federal Home Loan Mortgage Corporation Notes	747,627	June 11, 2009
Federal Home Loan Bank Notes	746,992	September 18, 2009
Federal National Mortgage Association Bonds	741,675	December 15, 2009
Federal National Mortgage Association Notes	494,730	March 12, 2010
Mutual Funds	42,344	Average maturity 57 - 72 days
Total	\$8,959,705	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

All of the federal agency securities and the mutual funds carry a rating of Aaa by Moodys. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds consist exclusively of obligations described in division 1 or 2 on page 31.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 5 - Deposits and Investments (continued)

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

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$3,698,991	41.28%
Federal National Mortgage Association	2,731,910	30.49
Federal Home Loan Mortgage Corporation	2,486,460	27.75

Note 6 - Receivables

Receivables at June 30, 2007, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, interfund, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Homestead and Rollback	\$827
Transportation	4,940
State of Ohio	1,864
Total General Fund	7,631
Bond Retirement Fund	
Homestead and Rollback	302
Ohio School Facilities Commission	
Ohio School Facilities Commission	21,705,037
Other Governmental Funds	
Food Service	25,290
Classroom Facilities Maintenance	12
Miscellaneous State Grants	10,015
Title IV-B	5,903
Title I	19,212

(continued)

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 6 - Receivables (continued)

	<u>Amount</u>
Governmental Activities (continued)	
Other Governmental Funds (continued)	
Preschool	\$1,367
Title II-A	3,352
Permanent Improvement	25
Total Other Governmental Funds	<u>65,176</u>
Total Intergovernmental Receivables	<u>\$21,778,146</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, this settlement was not received by the School District within fiscal year 2007.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 7 - Property Taxes (continued)

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

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2007, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$207,876 in the General Fund, \$4,216 in the Classroom Facilities Maintenance special revenue fund, \$102,912 in the Bond Retirement debt service fund, and \$7,920 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2006, was \$251,823 in the General Fund, \$68,167 in the Bond Retirement debt service fund, and \$9,556 in the Permanent Improvement capital projects fund.

The late settlement made by the County for fiscal year 2007 was \$70,594 in the General Fund, \$1,062 in the Classroom Facilities Maintenance special revenue fund, \$25,883 in the Bond Retirement debt service fund, and \$2,123 in the Permanent Improvement capital projects fund. The late settlement made by the County for fiscal year 2006 was \$136,213 in the General Fund, \$27,037 in the Bond Retirement debt service fund, and \$4,035 in the Permanent Improvement capital projects fund.

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

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

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$133,075,510	68.27%	\$135,168,100	69.03%
Industrial/Commercial	37,410,290	19.19	39,149,630	19.99
Public Utility	8,089,160	4.15	8,216,520	4.20
Tangible Personal	16,344,410	8.39	13,265,648	6.78
Total Assessed Value	<u>\$194,919,370</u>	<u>100.00%</u>	<u>\$195,799,898</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.60		\$47.08	

On November 7, 2006, the voters approved bond levies of 4.2 mills and .229 mills for the construction and renovation of School District buildings and a tax levy of .5 mills for facilities maintenance. The bond levies are for twenty-eight years and the tax levy is for twenty-three years.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets

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

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$387,500	\$0	\$0	\$387,500
Construction in Progress	84,150	687,872	(108,250)	663,772
Total Nondepreciable Capital Assets	471,650	687,872	(108,250)	1,051,272
Depreciable Capital Assets				
Land Improvements	531,968	0	0	531,968
Buildings and Building Improvements	13,452,780	108,250	0	13,561,030
Furniture, Fixtures, and Equipment	513,845	10,431	0	524,276
Vehicles	1,043,242	93,237	0	1,136,479
Total Depreciable Capital Assets	15,541,835	211,918	0	15,753,753
Less Accumulated Depreciation				
Land Improvements	(298,691)	(15,003)	0	(313,694)
Buildings and Building Improvements	(3,405,654)	(195,930)	0	(3,601,584)
Furniture, Fixtures, and Equipment	(288,764)	(31,284)	0	(320,048)
Vehicles	(616,527)	(56,513)	0	(673,040)
Total Accumulated Depreciation	(4,609,636)	(298,730)	0	(4,908,366)
Depreciable Capital Assets, Net	10,932,199	(86,812)	0	10,845,387
Governmental Activities Capital Assets, Net	\$11,403,849	\$601,060	(\$108,250)	\$11,896,659

During fiscal year 2007, the School Districted accepted contributions of depreciable capital assets with a fair value of \$3,100.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$151,639
Special	22,397
Vocational	8,189
Support Services:	
Pupils	7,698
Instructional Staff	6,399
Administration	4,978
Operation and Maintenance of Plant	11,398
Pupil Transportation	54,615

(continued)

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 8 - Capital Assets (continued)

Support Services (continued):	
Non-Instructional Services	\$5,130
Extracurricular Activities	26,287
Total Depreciation Expense	<u>\$298,730</u>

Note 9 - Interfund Assets/Liabilities

At June 30, 2007, the General Fund had an interfund receivable and other governmental funds had an interfund payable, in the amount of \$67, resulting from the provision of cash flow resources until the receipt of grant monies by the other governmental funds.

Note 10 - Risk Management

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

Coverage provided by the Ohio School Plan is as follows:

General Liability	
General Aggregate Limit	\$3,000,000
Blanket Property (\$1,000 deductible)	35,004,396
Vehicle Liability	3,000,000
Uninsured/Underinsured Motorists	1,000,000

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

For fiscal year 2007, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Program. The agreement for the Program provides for additional assessments to all participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

Note 10 - Risk Management (continued)

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Note 11 - Defined Benefit Pension Plans (continued)

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

The School District's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2007, 2006, and 2005 was \$998,584, \$961,488, and \$920,360, respectively; 83 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005. Contributions for the DCP and CP for the fiscal year ended June 30, 2007, were \$5,835 made by the School District and \$30,310 made by plan members.

B. School Employees Retirement System

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2007 was 14 percent of annual covered payroll; 10.68 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$181,550, \$167,640, and \$155,697, respectively; 45 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2007, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

Note 12 - Postemployment Benefits (continued)

STRS retirees who participate in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2007, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$77,263.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.5 billion at June 30, 2006 (the latest information available). For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000, and STRS had 119,184 eligible benefit recipients.

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

For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount to fund health care benefits, including the surcharge, was \$90,435 for fiscal year 2007.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2006 (the latest information available), were \$158,751,207. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221 percent of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will not be sufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has approximately 59,492 participants currently receiving health care benefits.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eleven and twelve month employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for classified employees and two hundred twenty-eight days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of fifty-two days for classified employees and fifty-six days for certified employees.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 13 - Other Employee Benefits (continued)

B. Health Care Benefits

The School District provides medical, dental, and life insurance to most employees through the Northern Buckeye Education Council Employee Insurance Benefits Program.

Note 14 - Notes Payable

On December 20, 2006, the School District issued School Improvement Bond Anticipation Notes, in the amount of \$15,000,000. The notes had an interest rate of 4.16 percent and matured on May 10, 2007. The notes were paid with the proceeds of the general obligation bonds.

On January 18, 2007, the School District issued School Improvement Bond Anticipation Notes, in the amount of \$3,835,000. The notes had an interest rate of 4.34 percent and matured on May 10, 2007. The notes were paid with the proceeds of general obligation bonds.

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
FY97 School Improvement Bonds					
Serial Bonds 4.75-5.25%	\$1,020,000	\$0	\$490,000	\$530,000	\$120,000
FY05 School Improvement Refunding Bonds					
Serial Bonds 2-4.35%	8,855,000	0	110,000	8,745,000	505,000
Capital Appreciation Bonds 3.74-3.89%	384,993	0	0	384,993	0
Accretion on Capital Appreciation Bonds	96,276	65,824	0	162,100	0
Premium	506,761	0	6,033	500,728	0
Accounting Loss	(374,568)	0	(4,459)	(370,109)	0
FY07 Classroom Facilities and School Improvement Bonds					
Serial Bonds 4-5%	0	5,915,000	0	5,915,000	235,000
Term Bonds 4.25-5%	0	12,920,000	0	12,920,000	0
Premium	0	236,176	0	236,176	0
Total General Obligation Bonds	10,488,462	19,137,000	601,574	29,023,888	860,000

(continued)

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 15 - Long-Term Obligations (continued)

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07	Amounts Due Within One Year
Governmental Activities (continued)					
Compensated Absences Payable	\$1,068,813	\$197,648	\$86,896	\$1,179,565	\$31,894
Total Governmental Activities Long-Term Obligations	<u>\$11,557,275</u>	<u>\$19,334,648</u>	<u>\$688,470</u>	<u>\$30,203,453</u>	<u>\$891,894</u>

FY97 School Improvement Bonds - On February 1, 1997, the School District issued School Improvement Bonds, in the amount of \$13,764,838. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$5,690,000, \$7,795,000, and \$279,837, respectively. The bonds were issued for a twenty-five year period, with final maturity during fiscal year 2023. In fiscal year 2005, the term bonds were advance refunded. The refunded bonds were fully retired on June 1, 2007. The capital appreciation bonds were paid in full. The remaining bonds will be retired through the Bond Retirement debt service fund.

Serial bonds maturing on December 1, 2007, are subject to prior redemption on or after June 1, 2007, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed) plus accrued interest to the redemption date, according to the following schedule:

Redemption Dates (Dates Inclusive)	Redemption Prices
June 1, 2007 through May 31, 2008	101 %
June 1, 2008 through May 31, 2009	100.5
June 1, 2009 and thereafter	100

FY05 School Improvement Bonds - On October 1, 2004, the School District issued School Improvement Bonds, in the amount of \$9,479,993, to partially refund bonds previously issued in fiscal year 1997, to improve school facilities. The bond issue included serial and capital appreciation bonds, in the amount of \$9,095,000 and \$384,993, respectively. The bonds were issued for an eighteen year period, with final maturity during fiscal year 2023. The bonds will be retired through the Bond Retirement debt service fund.

The serial bonds are subject to prior redemption on or after December 1, 2014, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2013 and 2014. The maturity amount of the bonds is \$1,165,000. For fiscal year 2007, \$65,824 was accreted on the capital appreciation bonds for a total value of \$547,093 at fiscal year end.

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 15 - Long-Term Obligations (continued)

FY07 Classroom Facilities and School Improvement Bonds - On February 28, 2007, the School District issued Classroom Facilities and School Improvement Bonds, in the amount of \$18,835,000, for constructing, adding to, renovating, remodeling, furnishing, equipping, and improving School District buildings. The bond issue included serial and term bonds, in the amount of \$5,915,000 and \$12,920,000, respectfully. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2035. The bonds will be retired through the Bond Retirement debt service fund.

As of fiscal year end, \$18,744,604 of the proceeds were unspent.

The term bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2020, in the amount of \$610,000 (with the balance of \$640,000 to be paid at stated maturity on December 1, 2021), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2022, in the amount of \$670,000 (with the balance of \$705,000 to be paid at stated maturity on December 1, 2023), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2024, in the amount of \$740,000 (with the balance of \$775,000 to be paid at stated maturity on December 1, 2025), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2026, in the amount of \$815,000 (with the balance of \$850,000 to be paid at stated maturity on December 1, 2027), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2034, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2028 through 2033 (with the balance of \$1,145,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2028	\$895,000
2029	930,000
2030	975,000
2031	1,010,000
2032	1,060,000
2033	1,100,000

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 15 - Long-Term Obligations (continued)

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2017, at a redemption price of 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

Compensated absences will be paid from the General Fund and the Food Service special revenue funds.

The School District's overall debt margin was (\$12,802,659) with an unvoted debt margin of \$174,359 at June 30, 2007. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

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

Fiscal Year Ending June 30,	Serial	Term	Capital Appreciation	Interest	Total
2008	\$860,000	\$0	\$0	\$1,170,451	\$2,030,451
2009	1,025,000	0	0	1,138,505	2,163,505
2010	1,060,000	0	0	1,101,216	2,161,216
2011	1,105,000	0	0	1,061,289	2,166,289
2012	985,000	0	0	1,023,089	2,008,089
2013-2017	4,195,000	0	384,993	5,471,212	10,051,205
2018-2022	5,255,000	1,250,000	0	3,514,430	10,019,430
2023-2027	705,000	3,705,000	0	2,201,102	6,611,102
2028-2032	0	4,660,000	0	1,216,561	5,876,561
2033-2025	0	3,305,000	0	214,308	3,519,308
Total	<u>\$15,190,000</u>	<u>\$12,920,000</u>	<u>\$384,993</u>	<u>\$18,112,163</u>	<u>\$46,607,156</u>

Note 16 - Set Asides

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

Wauseon Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 16 - Set Asides (continued)

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

	Textbooks	Capital Improvements
Balance June 30, 2006	(\$729,113)	\$0
Current Year Set Aside Requirement	306,362	306,362
Current Year Offsets	0	(19,009,036)
Qualifying Expenditures	(432,613)	(545,031)
Balance June 30, 2007	(\$855,364)	(\$19,247,705)
Balance Carried Forward to Future Fiscal Years	(\$855,364)	(\$19,009,036)

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. The School District also had offsets during the fiscal year that reduced the capital improvements set aside amount below zero. These amounts may be used to reduce the set aside requirements in future fiscal years.

Note 17 - Donor Restricted Endowments

The School District's private purpose trust fund consists of donor restricted endowments and realized and unrealized appreciation on investments. Endowments, in the amount of \$385,511, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$50,458 and is reflected as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

Note 18 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

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

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2007, the School District paid \$59,796 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 22-900 State Route 34, Archbold, Ohio 43502.

Note 18 - Jointly Governed Organizations (continued)

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, Route 1, Box 245A, Archbold, Ohio 43502.

D. Northwestern Ohio Educational Research Council, Inc.

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

E. Northwest Ohio Special Education Regional Resource Center

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

Note 19 - Insurance Pools

A. Ohio School Plan

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

B. Northern Buckeye Education Council Employee Insurance Benefits Program

The Northern Buckeye Education Council Employee Insurance Benefits Program (Program) is a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The Program is governed by the Northern Buckeye Education Council (NBEC) and its participating members.

C. Northern Buckeye Education Council Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the NBEC and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 20 - Related Organization

The Wauseon Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Wauseon Exempted Village School District Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Wauseon Public Library, 117 East Elm Street, Wauseon, Ohio 43567.

Note 21 - Contingencies

A. Grants

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

B. Litigation

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

SUPPLEMENTARY DATA

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
(B) Food Donation	10.550	N/A	\$ -	\$ 27,158	\$ -	\$ 27,158
Nutrition Cluster						
(C) (D) School Breakfast Program	10.553	045641-05PU-2006	3,152		3,152	
(C) (D) School Breakfast Program	10.553	045641-05PU-2007	11,274		11,274	
Total School Breakfast Program			<u>14,426</u>		<u>14,426</u>	
(C) (D) National School Lunch Program	10.555	045641-LLP4-2006	52,205		52,205	
(C) (D) National School Lunch Program	10.555	045641-LLP4-2007	165,118		165,118	
Total National School Lunch Program			<u>217,323</u>		<u>217,323</u>	
Total Nutrition Cluster			<u>231,749</u>		<u>231,749</u>	
Total U.S. Department of Agriculture			<u>231,749</u>	<u>27,158</u>	<u>231,749</u>	<u>27,158</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies	84.010	045641-C1S1-2006	8,364		11,172	
Title I Grants to Local Educational Agencies	84.010	045641-C1S1-2007	114,427		114,427	
Total Title I Grants to Local Educational Agencies			<u>122,791</u>		<u>125,599</u>	
Special Education Cluster:						
(E) Special Education_Grants to States	84.027	045641-6BSF-2006	28,802		24,337	
(E) Special Education_Grants to States	84.027	045641-6BSF-2007	388,033		365,912	
Total Special Education _Grants to States			<u>416,835</u>		<u>390,249</u>	
(E) Special Education_Preschool Grants	84.173	045641-PGS1-2006	1,033		1,502	
(E) Special Education_Preschool Grants	84.173	045641-PGS1-2007	8,977		9,044	
Total Special Education_Preschool Grants			<u>10,010</u>		<u>10,546</u>	
Total Special Education Cluster			<u>426,845</u>		<u>400,795</u>	
Safe and Drug-Free Schools and Communities_State Grants	84.186	045641-DRS1-2006	-		1,394	
Safe and Drug-Free Schools and Communities_State Grants	84.186	045641-DRS1-2007	5,685		5,685	
Total Safe and Drug-Free Schools and Communities_State Grants			<u>5,685</u>		<u>7,079</u>	
State Grants for Innovative Programs	84.298	045641-C2S1-2007	2,761		2,761	
Education Technology State Grants	84.318	045641-TJS1-2007	1,390		1,390	
Improving Teacher Quality State Grants	84.367	045641-TRS1-2006	5,888		5,888	
Improving Teacher Quality State Grants	84.367	045641-TRS1-2007	57,240		55,957	
Total Improving Teacher Quality State Grants			<u>63,128</u>		<u>61,845</u>	
Total U.S. Department of Education			<u>622,600</u>		<u>599,469</u>	
Total Federal Financial Assistance			<u>\$ 854,349</u>	<u>\$ 27,158</u>	<u>\$ 831,218</u>	<u>\$ 27,158</u>

- (A) This schedule was prepared on the cash basis of accounting
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Nutrition Grant Cluster" in determining major program
- (E) Included as part of "Special Education Grant Cluster" in determining major programs



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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***

Board of Education
Wauseon Exempted Village School District
126 Fulton Street
Wauseon, OH 43567

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wauseon Exempted Village School District, Fulton County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Wauseon Exempted Village School District's basic financial statements and have issued our report thereon dated January 9, 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 Wauseon Exempted Village School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wauseon Exempted Village School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Wauseon Exempted Village School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Wauseon Exempted Village School District'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 Wauseon Exempted Village School District's financial statements that is more than inconsequential will not be prevented or detected by Wauseon Exempted Village School 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 a material misstatement of the financial statements will not be prevented or detected by Wauseon Exempted Village School District's internal control.

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

Board of Education
Wauseon Exempted Village School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wauseon Exempted Village School 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Education of Wauseon Exempted Village School District 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
January 9, 2008



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

Board of Education
Wauseon Exempted Village School District
126 Fulton Street
Wauseon, OH 43567

Compliance

We have audited the compliance of Wauseon Exempted Village School District, Fulton County, Ohio, 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 fiscal year ended June 30, 2007. Wauseon Exempted Village School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Wauseon Exempted Village School District's management. Our responsibility is to express an opinion on Wauseon Exempted Village School 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, *Audit 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 Wauseon Exempted Village School 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 on Wauseon Exempted Village School District's compliance with those requirements.

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

Internal Control Over Compliance

The management of Wauseon Exempted Village School 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 Wauseon Exempted Village School 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 Wauseon Exempted Village School District's internal control over compliance.

Board of Education
Wauseon Exempted Village School District

A control deficiency in Wauseon Exempted Village School 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 Wauseon Exempted Village School 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 Wauseon Exempted Village School 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 Wauseon Exempted Village School 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 for the information and use of management and Board of Education of Wauseon Exempted Village School District 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.



Julian & Grube, Inc.
January 9, 2008

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster: Special Education: Grants to States CFDA #84.027 and Special Education: Preschool Grants CFDA #84.173
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT

FULTON 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 8, 2008**