

**ROSSFORD EXEMPTED
VILLAGE SCHOOL DISTRICT**

Basic Financial Statements

Year Ended June 30, 2008

With Independent Auditors' Report



Mary Taylor, CPA
Auditor of State

Board of Education
Rossford Exempted Village School District
601 Superior Street
Rossford, Ohio 43460

We have reviewed the *Independent Auditors' Report* of the Rossford Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2007 through June 30, 2008. 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 Rossford Exempted Village School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 17, 2009

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Basic Financial Statements:	
Management's Discussion and Analysis	3 - 9
Statement of Net Assets	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	16
Statement of Fiduciary Net Assets	17
Statement of Change in Fiduciary Net Assets	18
Notes to the Basic Financial Statements	19 - 44
Schedule of Expenditures of Federal Awards	45
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 - 47
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	48 - 49
Schedule of Findings and Questioned Costs	50 - 51
Schedule of Prior Audit Findings	52

This Page is Intentionally Left Blank.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rossford Exempted Village School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2009, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the Rossford Exempted Village School District. 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.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 10, 2009

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of Rossford 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, 2008. 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 2008 are as follows:

In total, net assets decreased \$253,330, or 1 percent. This was not a significant change.

General revenues were \$21,558,372 for fiscal year 2008, or 90 percent of all revenues, and reflect the School District's significant dependence on property taxes and unrestricted state entitlements.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

Reporting the School District's Most Significant Funds

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

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2008 and fiscal year 2007:

Table 1 Net Assets			
	Governmental Activities		
	2008	2007	Change
<u>Assets:</u>			
Current and Other Assets	\$28,537,471	\$34,557,855	(\$6,020,384)
Capital Assets, Net	6,429,020	5,989,814	439,206
Total Assets	34,966,491	40,547,669	(5,581,178)
<u>Liabilities:</u>			
Current and Other Liabilities	15,203,030	20,525,897	5,322,867
Long-Term Liabilities	1,673,173	1,678,154	4,981
Total Liabilities	16,876,203	22,204,051	5,327,848
			(continued)

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 1
Net Assets
(continued)

	Governmental Activities		
	2008	2007	Change
<u>Net Assets:</u>			
Invested in Capital Assets	\$6,429,020	\$5,989,814	\$439,206
Restricted	1,022,406	3,209,949	(2,187,543)
Unrestricted	10,638,862	9,143,855	1,495,007
Total Net Assets	<u>\$18,090,288</u>	<u>\$18,343,618</u>	<u>(\$253,330)</u>

Although the change in net assets was less than 1 percent from the prior fiscal year, the above table demonstrates a couple of significant changes, primarily those reflected in current and other assets and current and other liabilities. The decrease in current and other assets is generally due to a decrease in property taxes receivable of over \$6 million. Much of this is the result of the loss of taxes due to the elimination of tangible personal property taxes (assessed valuation dropped over \$26 million from fiscal year 2007 to fiscal year 2008). This decrease is also reflected in the corresponding decrease in current and other liabilities (deferred revenue).

Table 2 reflects the change in net assets for fiscal year 2008 and fiscal year 2007.

Table 2
Change in Net Assets

	Governmental Activities		
	2008	2007	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$1,019,937	\$1,076,700	(\$56,763)
Operating Grants, Contributions, and Interest	1,349,484	1,458,226	(108,742)
Capital Grants and Contributions	37,910	99,598	(61,688)
Total Program Revenues	<u>2,407,331</u>	<u>2,634,524</u>	<u>(227,193)</u>
General Revenues			
Property Taxes Levied for General Purposes	13,433,489	16,829,081	(3,395,592)
Payment in Lieu of Taxes	0	5,127,242	(5,127,242)
Grants and Entitlements	6,483,438	4,379,599	2,103,839
Interest	463,266	432,498	30,768
Gifts and Donations	1,041,772	1,012,785	28,987
Miscellaneous	136,407	138,697	(2,290)
Total General Revenues	<u>21,558,372</u>	<u>27,919,902</u>	<u>(6,361,530)</u>
Total Revenues	<u>23,965,703</u>	<u>30,554,426</u>	<u>(6,588,723)</u>

(continued)

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities		
	2008	2007	Change
<u>Expenses:</u>			
Instruction:			
Regular	\$10,719,794	\$10,583,176	(\$136,618)
Special	2,325,636	2,358,260	32,624
Vocational	255,350	232,848	(22,502)
Adult/Continuing	23,675	23,287	(388)
Support Services:			
Pupils	1,805,018	1,803,649	(1,369)
Instructional Staff	1,164,581	1,074,154	(90,427)
Board of Education	57,706	40,204	(17,502)
Administration	1,908,397	1,932,611	24,214
Fiscal	512,948	403,145	(109,803)
Business	99,928	115,523	15,595
Operation and Maintenance of Plant	2,300,109	2,220,883	(79,226)
Pupil Transportation	999,429	923,285	(76,144)
Central	339,857	525,174	185,317
Non-Instructional Services	947,859	870,531	(77,328)
Extracurricular Activities	758,746	686,630	(72,116)
Total Expenses	<u>24,219,033</u>	<u>23,793,360</u>	<u>(425,673)</u>
Increase (Decrease) in Net Assets	(253,330)	6,761,066	(7,014,396)
Net Assets at Beginning of Year	<u>18,343,618</u>	<u>11,582,552</u>	<u>6,761,066</u>
Net Assets at End of Year	<u>\$18,090,288</u>	<u>\$18,343,618</u>	<u>(\$253,330)</u>

Although program revenues decreased 9 percent from the prior fiscal year, generally the decrease was not that significant. General revenues had a substantial decrease from fiscal year 2007. Property tax revenues will continue to decrease due to the elimination of the taxes for tangible personal property. Payment in lieu of taxes revenue consists of tax revenues which the School District would have otherwise received had tax exemption agreements not been entered into by Wood County and various developers/businesses. This revenue is being recognized in full in the initial year of the agreement. On the positive side, grants and entitlements increased, a portion of which is related to resources being received from the State to offset the loss of revenues from the elimination of tangible personal property taxes.

Expenses remained fairly comparable to the prior fiscal year with an increase of less than 2 percent. The major program expenses for governmental activities are for instruction, which are approximately 55 percent of total governmental expenses. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation are 16 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 9 percent. Therefore, 80 percent of the School District's expenses are directly related to the activities of providing facilities and delivering education.

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction:				
Regular	\$10,719,794	\$10,583,176	\$10,256,345	\$9,865,682
Special	2,325,636	2,358,260	1,398,554	1,545,076
Vocational	255,350	232,848	251,969	226,161
Adult/Continuing	23,675	23,287	23,675	23,287
Support Services:				
Pupils	1,805,018	1,803,649	1,793,048	1,787,172
Instructional Staff	1,164,581	1,074,154	1,164,581	1,069,213
Board of Education	57,706	40,204	57,706	40,204
Administration	1,908,397	1,932,611	1,908,397	1,932,611
Fiscal	512,948	403,145	512,948	403,145
Business	99,928	115,523	99,928	115,523
Operation and Maintenance of Plant	2,300,109	2,220,883	2,300,109	2,220,883
Pupil Transportation	999,429	923,285	974,311	823,687
Central	339,857	525,174	339,857	525,174
Non-Instructional Services	947,859	870,531	188,771	116,316
Extracurricular Activities	758,746	686,630	541,503	460,693
Total Expenses	<u>\$24,219,033</u>	<u>\$23,793,360</u>	<u>\$21,811,702</u>	<u>\$21,154,827</u>

As can be seen above, the dependence on general revenues for most programs is significant. Only several of the School District's programs receive a notable amount of program revenues to offset program costs. The special instruction program provides for 39 percent of its costs through program revenues from operating grants restricted for special instruction purposes. Program revenues in the non-instructional program include cafeteria sales and state and federal subsidies and donated commodities for food service operations as well as operating grants received on behalf of All Saints parochial schools. Program revenues in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 increase in fund balance of almost 10 percent in fiscal year 2008. There were not significant changes from the prior fiscal year, this increase is simply the excess of revenues over expenditures for the fiscal year.

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 2008, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget were not significant, the largest change occurred in the estimate for intergovernmental revenues. Actual revenues were less than the final budget by almost 13 percent. The School District received less in property taxes than originally estimated and intergovernmental revenues were comparable to the original estimate rather than the increase in the estimate made later in the fiscal year.

Differences from the original budget to the final budget and from the final budget to actual expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$6,429,020 invested in capital assets (net of accumulated depreciation). During fiscal year 2008, the School District purchased land for new athletic fields. Construction on the new fields should begin in the spring of 2009. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

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

Current Issues

The School District's current five-year forecast indicates that the School District is in a very sound financial position throughout fiscal years 2009 through 2013. A deficit is currently being projected for fiscal year 2014. We are also assuming that two 7.9 mill levy issues that expire in 2011 will be renewed or replaced.

Rossford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District is in the early stages of preparing to go to the ballot for a bond issue to replace aging buildings. We are presently in negotiations with an architect for services and, if everything goes according to plan, the bond issue will be on the ballot in 2010 or 2011. This process could be slowed by the lack of Ohio School Facilities monies. The School District will only receive six cents on every dollar of assistance from the State.

In anticipation of the loss of tangible personal taxes, the result of HB 66, the School District has reduced the budget for the past two fiscal years and expects to do so again in fiscal year 2010. Most of the reductions to date have occurred through attrition, a trend expected to continue in an environment of contracting student enrollment.

Labor contracts for both certified and classified employees are in the first year of three-year agreements, with expiration in fiscal year 2011. The School District has been using the Interest Based Model very successfully for negotiating these contracts.

Contacting the School District's Financial Management

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

Rossford Exempted Village School District
Statement of Net Assets
June 30, 2008

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,841,266
Accounts Receivable	50,463
Intergovernmental Receivable	278,938
Prepaid Items	178
Inventory Held for Resale	9,350
Materials and Supplies Inventory	2,733
Property Taxes Receivable	13,855,533
Payment in Lieu of Taxes Receivable	3,499,010
Nondepreciable Capital Assets	1,202,221
Depreciable Capital Assets, Net	5,226,799
Total Assets	34,966,491
 <u>Liabilities:</u>	
Accounts Payable	96,050
Accrued Wages and Benefits Payable	2,407,192
Intergovernmental Payable	715,968
Matured Compensated Absences Payable	8,381
Separation Benefits Payable	414,131
Deferred Revenue	11,561,308
Long-Term Liabilities:	
Due Within One Year	103,508
Due in More Than One Year	1,569,665
Total Liabilities	16,876,203
 <u>Net Assets:</u>	
Invested in Capital Assets	6,429,020
Restricted For:	
Set Asides	672,270
Capital Projects	8,311
Debt Service	85,887
School Support	24,161
Athletics	37,267
Other Purposes	194,510
Unrestricted	10,638,862
Total Net Assets	\$18,090,288

See Accompanying Notes to Basic Financial Statements

Rossford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest		
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$10,719,794	\$341,167	\$109,490	\$12,792	(\$10,256,345)
Special	2,325,636	128,405	798,677	0	(1,398,554)
Vocational	255,350	0	3,381	0	(251,969)
Adult/Continuing	23,675	0	0	0	(23,675)
Support Services:					
Pupils	1,805,018	0	11,970	0	(1,793,048)
Instructional Staff	1,164,581	0	0	0	(1,164,581)
Board of Education	57,706	0	0	0	(57,706)
Administration	1,908,397	0	0	0	(1,908,397)
Fiscal	512,948	0	0	0	(512,948)
Business	99,928	0	0	0	(99,928)
Operation and Maintenance of Plant	2,300,109	0	0	0	(2,300,109)
Pupil Transportation	999,429	0	0	25,118	(974,311)
Central	339,857	0	0	0	(339,857)
Non-Instructional Services	947,859	334,177	424,911	0	(188,771)
Extracurricular Activities	758,746	216,188	1,055	0	(541,503)
Total Governmental Activities	\$24,219,033	\$1,019,937	\$1,349,484	\$37,910	(21,811,702)
<u>General Revenues:</u>					
Property Taxes Levied for General Purposes					13,433,489
Grants and Entitlements not Restricted to Specific Programs					6,483,438
Interest					463,266
Gifts and Donations					1,041,772
Miscellaneous					136,407
Total General Revenues					21,558,372
Change in Net Assets					(253,330)
Net Assets at Beginning of Year - Restated (Note 3)					18,343,618
Net Assets at End of Year					\$18,090,288

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,942,875	\$210,204	\$10,153,079
Accounts Receivable	49,662	801	50,463
Interfund Receivable	27,807	1,701	29,508
Intergovernmental Receivable	10,437	268,501	278,938
Prepaid Items	178	0	178
Inventory Held for Resale	0	9,350	9,350
Materials and Supplies Inventory	0	2,733	2,733
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	688,187	0	688,187
Property Taxes Receivable	13,855,533	0	13,855,533
Payment in Lieu of Taxes Receivable	3,499,010	0	3,499,010
Total Assets	<u>\$28,073,689</u>	<u>\$493,290</u>	<u>\$28,566,979</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$89,884	\$6,166	\$96,050
Accrued Wages and Benefits Payable	2,270,844	136,348	2,407,192
Interfund Payable	0	29,508	29,508
Intergovernmental Payable	673,607	42,361	715,968
Matured Compensated Absences Payable	7,319	1,062	8,381
Deferred Revenue	15,343,048	212,871	15,555,919
Total Liabilities	<u>18,384,702</u>	<u>428,316</u>	<u>18,813,018</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	2,060,303	0	2,060,303
Reserved for Capital Improvements	672,270	0	672,270
Reserve for Bus Purchase	15,917	0	15,917
Reserved for Encumbrances	472,941	67,600	540,541
Unreserved, Reported in:			
General Fund	6,467,556	0	6,467,556
Special Revenue Funds (Deficit)	0	(96,824)	(96,824)
Debt Service Fund	0	85,887	85,887
Capital Projects Funds	0	8,311	8,311
Total Fund Balances	<u>9,688,987</u>	<u>64,974</u>	<u>9,753,961</u>
Total Liabilities and Fund Balances	<u>\$28,073,689</u>	<u>\$493,290</u>	<u>\$28,566,979</u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2008

Total Governmental Fund Balances		\$9,753,961
<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.		6,429,020
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Accounts Receivable	48,808	
Interfund Receivable	1,701	
Intergovernmental Receivable	211,170	
Property Taxes Receivable	233,922	
Payment in Lieu of Taxes Receivable	3,499,010	
		3,994,611
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated Absences Payable	(1,673,173)	
Separation Benefits Payable	(414,131)	
		(2,087,304)
Net Assets of Governmental Activities		\$18,090,288

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$13,727,813	\$0	\$13,727,813
Payment in Lieu of Taxes	816,663	0	816,663
Intergovernmental	6,616,291	1,290,000	7,906,291
Interest	463,266	0	463,266
Tuition and Fees	460,121	0	460,121
Extracurricular Activities	17,254	198,934	216,188
Charges for Services	0	332,476	332,476
Gifts and Donations	1,037,829	4,998	1,042,827
Miscellaneous	56,659	40,391	97,050
Total Revenues	<u>23,195,896</u>	<u>1,866,799</u>	<u>25,062,695</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,334,936	99,242	10,434,178
Special	1,825,159	438,683	2,263,842
Vocational	248,650	0	248,650
Adult/Continuing	23,675	0	23,675
Support Services:			
Pupils	1,652,488	152,765	1,805,253
Instructional Staff	1,084,434	58,808	1,143,242
Board of Education	57,706	0	57,706
Administration	1,771,827	0	1,771,827
Fiscal	495,152	0	495,152
Business	114,697	0	114,697
Operation and Maintenance of Plant	2,834,750	6,557	2,841,307
Pupil Transportation	886,686	6,170	892,856
Central	459,709	12,639	472,348
Non-Instructional Services	76,271	884,962	961,233
Extracurricular Activities	459,147	258,799	717,946
Capital Outlay	5,177	0	5,177
Total Expenditures	<u>22,330,464</u>	<u>1,918,625</u>	<u>24,249,089</u>
Excess of Revenues Over (Under) Expenditures	<u>865,432</u>	<u>(51,826)</u>	<u>813,606</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	0	17,375	17,375
Transfers Out	(17,375)	0	(17,375)
Total Other Financing Sources (Uses)	<u>(17,375)</u>	<u>17,375</u>	<u>0</u>
Changes in Fund Balances	848,057	(34,451)	813,606
Fund Balances at Beginning of Year - Restated (Note 3)	<u>8,840,930</u>	<u>99,425</u>	<u>8,940,355</u>
Fund Balances at End of Year	<u>\$9,688,987</u>	<u>\$64,974</u>	<u>\$9,753,961</u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Changes in Fund Balances - Total Governmental Funds \$813,606

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 Outlay - Nondepreciable Capital Assets	624,763	
Capital Outlay - Depreciable Capital Assets	191,625	
Depreciation	<u>(377,182)</u>	439,206

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

Property Taxes	(294,324)	
Payment in Lieu of Taxes	(816,663)	
Intergovernmental	(36,514)	
Tuition and Fees	9,451	
Charges for Services	1,701	
Miscellaneous	<u>39,357</u>	(1,096,992)

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

Compensated Absences Payable	(192,804)	
Separation Benefits Payable	<u>(216,346)</u>	<u>(409,150)</u>

Change in Net Assets of Governmental Activities (\$253,330)

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues:</u>				
Property Taxes	\$16,513,751	\$16,695,284	\$13,963,203	(\$2,732,081)
Payment in Lieu of Taxes	400,000	400,000	816,663	416,663
Intergovernmental	6,901,881	7,717,732	6,607,090	(1,110,642)
Interest	464,000	384,000	463,153	79,153
Tuition and Fees	506,819	488,950	460,233	(28,717)
Extracurricular Activities	10,000	7,000	17,254	10,254
Gifts and Donations	1,100,000	1,100,000	1,037,829	(62,171)
Miscellaneous	16,000	16,000	20,629	4,629
Total Revenues	<u>25,912,451</u>	<u>26,808,966</u>	<u>23,386,054</u>	<u>(3,422,912)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,345,768	10,396,765	10,400,719	(3,954)
Special	1,871,815	1,882,575	1,854,571	28,004
Vocational	248,249	248,249	245,725	2,524
Adult/Continuing	25,000	25,000	23,675	1,325
Support Services:				
Pupils	2,728,394	2,180,284	1,715,403	464,881
Instructional Staff	890,847	898,949	1,100,867	(201,918)
Board of Education	59,400	60,900	54,527	6,373
Administration	1,678,408	1,690,607	1,991,475	(300,868)
Fiscal	433,386	413,463	512,000	(98,537)
Business	132,163	132,302	119,426	12,876
Operation and Maintenance of Plant	2,411,719	3,079,152	2,930,131	149,021
Pupil Transportation	996,145	1,023,108	967,788	55,320
Central	480,282	544,550	498,012	46,538
Non-Instructional Services	41,279	73,404	80,953	(7,549)
Extracurricular Activities	478,126	479,300	453,514	25,786
Capital Outlay	11,431	12,931	5,177	7,754
Total Expenditures	<u>22,832,412</u>	<u>23,141,539</u>	<u>22,953,963</u>	<u>187,576</u>
Excess of Revenues Over Expenditures	<u>3,080,039</u>	<u>3,667,427</u>	<u>432,091</u>	<u>(3,235,336)</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	75,000	75,000	72,633	(2,367)
Refund of Prior Year Receipts	(50)	(50)	0	50
Advances In	20,000	10,000	17,652	7,652
Advances Out	(19,000)	(19,000)	(27,807)	(8,807)
Transfers Out	(125,000)	(125,000)	(16,150)	108,850
Total Other Financing Sources (Uses)	<u>(49,050)</u>	<u>(59,050)</u>	<u>46,328</u>	<u>105,378</u>
Changes in Fund Balance	3,030,989	3,608,377	478,419	(3,129,958)
Fund Balance at Beginning of Year	9,226,052	9,226,052	9,226,052	0
Prior Year Encumbrances Appropriated	368,401	368,401	368,401	0
Fund Balance at End of Year	<u>\$12,625,442</u>	<u>\$13,202,830</u>	<u>\$10,072,872</u>	<u>(\$3,129,958)</u>

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$56,789	\$71,347
Investments	0	749
Total Assets	56,789	\$72,096
 <u>Liabilities:</u>		
Undistributed Assets	0	\$12,752
Due to Students	0	59,344
	0	\$72,096
 <u>Net Assets:</u>		
Held in Trust for Scholarships	\$56,789	

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
<u>Additions:</u>	
Gifts and Donations	\$23,525
 <u>Deductions:</u>	
Non-Instructional	5,250
Change in Net Assets	18,275
Net Assets at Beginning of Year - Restated (Note 3)	38,514
Net Assets at End of Year	\$56,789

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District is the 286th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by one hundred fifteen classified employees, one hundred forty-nine certified teaching personnel, and eleven administrative employees who provide services to 1,954 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 Rossford Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

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

The School District’s reporting entity includes the following:

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

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

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Rossford Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2008, investments consisted of repurchase agreements, common stock, and STAR Ohio. Repurchase agreements are reported at cost. Investments are reported at fair value, which is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

Note 2 - Summary of Significant Accounting Policies (continued)

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2008 was \$463,266, which includes \$12,295 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, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

J. Capital Assets

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

K. Interfund Assets/Liabilities

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

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 fiscal year.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use 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 and federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2008, there were no net assets restricted by enabling legislation.

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, capital improvements, 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. Interfund Transactions

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

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

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

Q. Estimates

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

Note 3 - Change in Accounting Principles, Correction of Errors, and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this statement for both the State Teachers Retirement System and the School Employees Retirement System postemployment healthcare plans, in the amount of \$18,746 and \$71,070, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Correction of Errors

In the prior fiscal year, the School District reported several funds incorrectly, did not record the receivable for payment in lieu of taxes correctly, and made errors in recording intergovernmental receivables and capital assets.

C. Restatement of Fund Balance/Net Assets

The restatement due to the above corrections had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2007	\$5,978,090	\$2,974,932	\$8,953,022
Change in Fund Structure	2,862,840	(2,875,507)	(12,667)
Restated Fund Balance at June 30, 2007	\$8,840,930	\$99,425	\$8,940,355

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 3 - Change in Accounting Principles, Correction of Errors, and Restatement of Fund Balance/Net Assets (continued)

The restatement had the following effect on net assets.

	Total Governmental Activities	Private Purpose Trust
Net Assets at June 30, 2007	\$14,065,804	\$33,514
Change in Fund Structure	(12,667)	5,000
Intergovernmental Receivable	(4,009)	0
Payment in Lieu of Taxes Receivable	4,315,673	0
Capital Assets	(3,070,528)	0
Accumulated Depreciation	3,049,345	0
Adjusted Net Assets at June 30, 2007	\$18,343,618	\$38,514

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2008, the Food Service, Poverty Based Aid, Title VI-B, Title I, Title VI, Early Childhood Preschool, and Title II-A special revenue funds had deficit fund balances, in the amount of \$63,225, \$1,966, \$47,267, \$15,569, \$240, \$867, and \$5,747, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

At June 30, 2008, the Athletics, Poverty Based Aid, Title VI-B, Title I, Early Childhood Preschool, and Title VI special revenue funds had final appropriations in excess of estimated resources plus available balances, in the amount of \$20,404, \$670, \$177,328, \$6,767, \$969, and 18,062, respectively. The Treasurer will monitor appropriations to ensure they are within estimated resources.

The General Fund had certain accounts in which expenditures exceeded appropriations during the fiscal year ended June 30, 2008. The Treasurer will monitor expenditures to ensure they are within amounts appropriated.

Note 5 - 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.

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 5 - Budgetary Basis of Accounting (continued)

The major differences between the budget basis and the GAAP basis are as follows:

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

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

Changes in Fund Balance	
GAAP Basis	\$848,057
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2007, Received in Cash FY 2008	2,334,498
Accrued FY 2008, Not Yet Received in Cash	(2,071,594)
Expenditure Accruals:	
Accrued FY 2007, Paid in Cash FY 2008	(3,106,898)
Accrued FY 2008, Not Yet Paid in Cash	3,041,654
Cash Adjustments:	
Unrecorded Activity FY 2008	(113)
Prepaid Items	(178)
Advances In	17,652
Advances Out	(27,807)
Transfers Out	1,225
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(558,077)
Budget Basis	\$478,419

Note 6 - Deposits and Investments

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

Note 6 - Deposits and Investments (continued)

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

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

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

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

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

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

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Deposits and Investments (continued)

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, \$1,561,044 of the School District's bank balance of \$1,741,300 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.

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, 2008, the School District had the following investments:

	Fair Value	Maturity
Repurchase Agreements	\$547,798	July 1, 2008
Common Stock	749	
STAR Ohio	8,992,177	Average 54 days
Total Investments	\$9,540,724	

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

The securities underlying the repurchase agreements (Federal Home Loan Mortgage Corporation Bonds) carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute which require repurchase agreements be limited to investments listed in items 1 and 2 on page 35. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

At June 30, 2008, the School District had \$749, held within a student-managed activity fund (Stock Club), invested by the students in common stock.

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Deposits and Investments (continued)

The School District places no limit on the amount of its interim monies it may invest in a particular security. At June 30, 2008, 5.7 percent of the School District's investments were invested in repurchase agreements.

Note 7 - Receivables

Receivables at June 30, 2008, consisted of accounts (student fees and billings for user charged services), interfund, intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$2,780,008, will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
State of Ohio	\$9,201
Perrysburg EVSD	1,236
Total General Fund	10,437
Other Governmental Funds	
Title VI-B	146,096
Title I	63,002
Early Childhood Preschool	1,804
Title II-A	56,108
Title II-D	1,491
Total Other Governmental Funds	268,501
Total Governmental Activities	\$278,938

Note 8 - 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.

Note 8 - Property Taxes (continued)

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 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, 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 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, 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 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after October 1, 2007, on the value as of December 31, 2007. 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 2008 is 6.25 percent. This will be reduced to 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.

The School District receives property taxes from Wood 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, 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 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, 2008, was \$2,060,303 in the General Fund. The amount available as an advance at June 30, 2007, was \$2,295,693 in the General Fund.

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

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$199,756,310	46.96%	\$200,992,140	49.45%
Industrial/Commercial	126,739,660	29.79	135,511,200	33.34
Public Utility	9,608,630	2.26	7,294,510	1.79
Tangible Personal	89,300,310	20.99	62,657,055	15.42
Total Assessed Value	<u>\$425,404,910</u>	<u>100.00%</u>	<u>\$406,454,905</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

Note 9 - Payment in Lieu of Taxes

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

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$577,458	\$624,763	\$0	\$1,202,221
Depreciable Capital Assets				
Land Improvements	1,486,571	0	0	1,486,571
Buildings and Building Improvements	9,494,952	0	0	9,494,952
Furniture, Fixtures, and Equipment	1,462,017	191,625	(58,356)	1,595,286
Vehicles	1,287,006	0	0	1,287,006
Total Depreciable Capital Assets	<u>13,730,546</u>	<u>191,625</u>	<u>(58,356)</u>	<u>13,863,815</u>

(continued)

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 10 - Capital Assets (continued)

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08
Governmental Activities (continued)				
Less Accumulated Depreciation				
Land Improvements	(\$1,106,970)	(\$26,682)	\$10	(\$1,133,652)
Buildings and Building Improvements	(5,583,947)	(192,350)	0	(5,776,297)
Furniture, Fixtures, and Equipment	(1,146,111)	(74,098)	58,356	(1,161,853)
Vehicles	(481,162)	(84,052)	0	(565,214)
Total Accumulated Depreciation	(8,318,190)	(377,182)	58,356	(8,637,016)
Depreciable Capital Assets, Net	5,412,356	(185,557)	0	5,226,799
Governmental Activities Capital Assets, Net	\$5,989,814	\$439,206	\$0	\$6,429,020

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$121,491
Special	30,565
Vocational	2,986
Support Services:	
Pupils	6,461
Instructional Staff	8,567
Administration	28,476
Fiscal	1,136
Operation and Maintenance of Plant	33,171
Pupil Transportation	82,407
Central	1,798
Non-Instructional Services	19,324
Extracurricular Activities	40,800
Total Depreciation Expense	\$377,182

Note 11 - Interfund Assets/Liabilities

At June 30, 2008, the General Fund and other governmental funds had an interfund receivable from other governmental funds, in the amount of \$27,807 and \$1,701, respectively, for short-term loans made to those funds.

Note 12 - 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 2008, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$55,172,076
Automobile Liability	2,000,000
General School District Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Excess Liability	2,000,000

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 2008, 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 Wood County Schools Benefit Plan Association (Association), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The School District pays monthly premiums to the Association for employee medical, dental, vision, and life insurance benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 was \$1,337,818, \$1,354,329, and \$1,268,991 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DCP and CP for fiscal year 2008 were \$13,974 made by the School District and \$31,499 made by the plan members.

Note 13 - Defined Benefit Pension Plans (continued)

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 was \$278,528, \$298,835, and \$278,907 respectively; 44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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, 2008, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$103,984, \$104,892 and \$97,995 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 14 - Postemployment Benefits (continued)

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2008, this amount was \$172,966.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$127,101, \$99,213, and \$97,333 respectively; 44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2008, this actuarially required allocation was .66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 was \$20,069, \$20,321, and \$22,199 respectively; 44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 15 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days, administrative employees earn thirty days, and the superintendent and treasurer earn thirty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to eligible employees upon termination of employment. Teachers do not earn vacation time.

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Other Employee Benefits (continued)

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

B. Health Care Benefits

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

C. Separation Benefits

The School District provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System that has five years of service with the School District will be paid a \$15,000 severance bonus plus and an additional \$5,000 for each of the four years following retirement if notification of pending retirement is submitted in writing to the Superintendent no later than April 1 for retirement effective at the end of the current school year or prior to the following school year. At June 30, 2007, the School District had a liability for separation benefits of \$197,785. During fiscal year 2008, the School District had additional separation benefits of \$356,670 and paid \$140,324 in separation benefits. At June 30, 2008, the School District had a liability for separation benefits of \$414,131.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
Compensated Absences Payable	\$1,480,369	\$674,017	\$481,213	\$1,673,173	\$103,508

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

The School District's overall debt margin was \$30,384,890 with an unvoted debt margin of \$336,656 at June 30, 2008.

Rossford Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 17 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	Textbooks	Capital Improvements
Balance June 30, 2007	(\$216,803)	\$524,510
Current Year Set Aside Requirement	298,905	298,905
Qualifying Expenditures	(188,353)	(151,145)
Reserve Balance June 30, 2008	(\$106,251)	672,270

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Note 18 - Interfund Transfers

During fiscal year 2008, the General Fund made transfers to other government funds, in the amount of \$17,375, to subsidize operations of other funds.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

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

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2008, the School District paid \$1,854 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 19 - Jointly Governed Organizations (continued)

B. Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of eleven members from the participating School Districts' elected Boards. Board members are appointed for a term of two years to serve the sixteen participating school districts. Six members are appointed during the even number years, one each from the Lucas, Ottawa, and Wood County Educational Service Centers, one each from the Bowling Green and Maumee City School Districts, and one from the Rossford Exempted Village School District. Five members are appointed during the odd number years, one each from the Fulton, Lucas, Sandusky, and Wood County Educational Service Centers and one from the Perrysburg Exempted Village School District. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 30095 Oregon Road, Perrysburg, Ohio 43551-4594.

C. Northwestern Ohio Educational Research Council, Inc.

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

Note 20 - Insurance Pools

A. Ohio School Plan

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

Note 20 - Insurance Pools (continued)

B. Wood County Schools Benefit Plan Association

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

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

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

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

Note 21 - Related Organization

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

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

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

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2008

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Food Donation	n/a	10.550	42,047	42,047
Nutrition Cluster:				
School Breakfast Program	05PU-2008	10.553	55,283	55,283
National School Lunch Program	LLP4-2008	10.555	<u>264,882</u>	<u>264,882</u>
Nutrition Cluster Total			<u>320,165</u>	<u>320,165</u>
Total U.S. Department of Agriculture			<u>362,212</u>	<u>362,212</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	C1S1-2007	84.010	33,779	27,208
Title I Grants to Local Educational Agencies	C1S1-2008	84.010	<u>111,049</u>	<u>113,825</u>
			<u>144,828</u>	<u>141,033</u>
Special Education Cluster:				
Special Education - Grants to States	6BSF-2007	84.027	93,420	83,218
Special Education - Grants to States	6BSF-2008	84.027	403,327	426,616
Special Education - Preschool Grants	PGS1-2007	84.173	1,116	235
Special Education - Preschool Grants	PGS1-2008	84.173	<u>14,893</u>	<u>15,065</u>
			<u>512,756</u>	<u>525,134</u>
Safe and Drug-Free Schools and Communities	DRS1-2008	84.186	5,537	5,537
State Grants for Innovative Programs	C2S1-2008	84.298	302	542
Education Technology State Grants	TJS1-2007	84.318	16	150
Education Technology State Grants	TJS1-2008	84.318	<u>169</u>	<u>1,500</u>
			<u>185</u>	<u>1,650</u>
Improving Teacher Quality State Grants	TRS1-2007	84.367	8,559	10,235
Improving Teacher Quality State Grants	TRS1-2008	84.367	<u>48,324</u>	<u>46,929</u>
			<u>56,883</u>	<u>57,164</u>
Total U.S. Department of Education			<u>720,491</u>	<u>731,060</u>
Total Federal Awards			<u>1,082,703</u>	<u>1,093,272</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE C - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**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**

To the Board of Education
Rossford Exempted Village School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rossford Exempted Village School District ("School District") as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency labeled as 2008-1 and described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

We noted certain matters that we reported to management of the School District in a separate letter dated June 10, 2009.

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

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 10, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Rossford Exempted Village School District:

Compliance

We have audited the compliance of Rossford Exempted Village School District ("School District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the 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 the 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 solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 10, 2009

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued :	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	none
Identification of major programs:	
<i>Nutrition Cluster:</i>	
<i>CFDA 10.553 – School Breakfast Program</i>	
<i>CFDA 10.555 – National School Lunch Program</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

Finding 2008-1 – Restated Financial Statements

As disclosed in Note 3 of the financial statements, the School District restated governmental activities net assets as of June 30, 2007 by \$4,277,184 due to errors in reporting primarily related to the receivables for payments in lieu of taxes. Prior period adjustments to financial statements are an indicator of a significant deficiency in internal control over financial reporting.

Management response: *Management concurs with the finding.*

Section III – Federal Award Findings and Questioned Costs

None

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
Schedule of Prior Audit Findings
Year Ended June 30, 2008

Finding 2007-001 – Audit Adjustment

During the course of our audit, we identified a misstatement in the financial statements for the year under audit that was not initially identified by the School District's internal control over financial reporting. Throughout the year, the School District maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustment was necessary to correct an error made during the School District's conversion process related to its obligations under an early retirement incentive program. Liabilities were understated as no payables were recorded related to this program. An audit adjustment of approximately \$198,000 was recorded to account for the School District's obligation under the incentive program.

Status: Corrected



Mary Taylor, CPA
Auditor of State

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 30, 2009**