

**ROSSFORD VILLAGE EXEMPTED
VILLAGE SCHOOL DISTRICT**

General Purpose Financial Statements

Year Ended June 30, 2002

With

Independent Auditors' Report



STATE OF OHIO
OFFICE OF THE AUDITOR

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

We have reviewed the Independent Auditor's Report of the Rossford Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2001 through June 30, 2002. 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 30, 2002

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ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rossford Exempted Village School District:

We have audited the accompanying general purpose financial statements of Rossford Exempted Village School District as of and for the year ended June 30, 2002 as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose 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 *Governmental 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Rossford Exempted Village School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 December 5, 2002, except for Note 21, as to which the date is December 11, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 5, 2002
except for Note 21, as to
which the date is
December 11, 2002

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002**

| | Governmental Fund Types | | | |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| ASSETS AND OTHER DEBITS | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,208,630 | \$1,219,073 | \$85,887 | \$287,993 |
| Receivables: | | | | |
| Taxes | 13,743,712 | | | 632,557 |
| Accounts | 57,196 | 351 | | |
| Intergovernmental | | 58,082 | | |
| Advances to other funds | 21,600 | | | |
| Materials and Supplies Inventory | | | | |
| Fixed Assets | | | | |
| Accumulated Depreciation | | | | |
| Other Debits: | | | | |
| Amount Available in Debt Service Fund for Retirement of Long-Term Obligations | | | | |
| Amount to be Provided From General Government Resources | | | | |
| Total Assets and Other Debits | <u>\$15,031,138</u> | <u>\$1,277,506</u> | <u>\$85,887</u> | <u>\$920,550</u> |
| LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$22,571 | \$14,594 | | |
| Accrued Wages and Benefits | 1,894,248 | 40,875 | | |
| Compensated Absences Payable | 161,068 | | | |
| Advances from other funds | | 2,600 | | |
| Intergovernmental Payable | 241,854 | 5,487 | | |
| Deferred Revenue | 13,062,079 | 46,688 | | \$592,287 |
| Due to Students | | | | |
| General Obligation Bonds Payable | | | | |
| Total Liabilities | <u>15,381,820</u> | <u>110,244</u> | <u></u> | <u>592,287</u> |
| Fund Equity and Other Credits: | | | | |
| Investment in General Fixed Assets | | | | |
| Retained Earnings: | | | | |
| Unreserved | | | | |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | 323,984 | 84,717 | | 49,288 |
| Reserved for Debt Service Principal | | | \$85,887 | |
| Reserved for Advances | 21,600 | | | |
| Reserved for Property Taxes | 681,633 | | | 40,270 |
| Unreserved: | | | | |
| Unreserved, Undesignated | (1,377,899) | 1,082,545 | | 238,705 |
| Total Fund Equity and Other Credits | <u>(350,682)</u> | <u>1,167,262</u> | <u>85,887</u> | <u>328,263</u> |
| Total Liabilities, Fund Equity and Other Credits | <u>\$15,031,138</u> | <u>\$1,277,506</u> | <u>\$85,887</u> | <u>\$920,550</u> |

The notes to the general-purpose financial statements are an integral part of this statement.

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) |
|---------------------------|---------------------|-------------------------|----------------------------|-------------------------------------|--------------------------------|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Obligations | |
| \$30,833 | \$5,014 | \$90,416 | | | \$2,927,846 |
| | | | | | 14,376,269 |
| 109 | | | | | 57,656 |
| | | | | | 58,082 |
| | | | | | 21,600 |
| 6,071 | | | | | 6,071 |
| 342,768 | | | \$14,884,812 | | 15,227,580 |
| (290,455) | | | | | (290,455) |
| | | | | \$85,887 | 85,887 |
| | | | | 1,687,942 | 1,687,942 |
| <u>\$89,326</u> | <u>\$5,014</u> | <u>\$90,416</u> | <u>\$14,884,812</u> | <u>\$1,773,829</u> | <u>\$34,158,478</u> |
| | | | | | \$37,165 |
| \$37,008 | | | | | 1,972,131 |
| 3,986 | | | | \$1,007,139 | 1,172,193 |
| 19,000 | | | | | 21,600 |
| 18,558 | | | | 146,690 | 412,589 |
| 2,240 | | | | | 13,703,294 |
| | | \$55,793 | | | 55,793 |
| | | | | 620,000 | 620,000 |
| <u>80,792</u> | | <u>55,793</u> | | <u>1,773,829</u> | <u>17,994,765</u> |
| | | | \$14,884,812 | | 14,884,812 |
| 8,534 | \$5,014 | | | | 13,548 |
| | | | | | 457,989 |
| | | | | | 85,887 |
| | | | | | 21,600 |
| | | | | | 721,903 |
| | | 34,623 | | | (22,026) |
| <u>8,534</u> | <u>5,014</u> | <u>34,623</u> | <u>14,884,812</u> | | <u>16,163,713</u> |
| <u>\$89,326</u> | <u>\$5,014</u> | <u>\$90,416</u> | <u>\$14,884,812</u> | <u>\$1,773,829</u> | <u>\$34,158,478</u> |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002**

| | Governmental Fund Types | |
|--|------------------------------------|----------------------------|
| | General | Special Revenue |
| Revenues: | | |
| Intergovernmental | \$2,946,202 | \$886,462 |
| Interest | 126,381 | |
| Tuition and Fees | 188,203 | |
| Rent | 3,000 | |
| Extracurricular Activities | | 154,052 |
| Gifts and Donations | | 22,874 |
| Property & Other Local Taxes | 12,140,554 | |
| Miscellaneous | 3,019 | 3,293 |
| Total Revenues | 15,407,359 | 1,066,681 |
| Expenditures: | | |
| Instruction: | | |
| Regular | 7,693,664 | 534,376 |
| Special | 1,398,357 | 239,170 |
| Vocational | 210,113 | |
| Adult/Continuing | 17,222 | 5,632 |
| Support services: | | |
| Pupils | 1,255,213 | 52,157 |
| Instructional Staff | 616,552 | 94,349 |
| Board of Education | 79,038 | |
| Administration | 1,514,144 | 1,259 |
| Fiscal | 296,670 | |
| Business | 155,525 | |
| Operation and Maintenance of Plant | 1,482,364 | 290 |
| Pupil Transportation | 651,658 | 4,063 |
| Central | 134,269 | 206,227 |
| Non-Instructional Services | 851 | 162,031 |
| Extracurricular activities | 347,753 | 158,906 |
| Capital Outlay | 371 | |
| Debt Service | | |
| Debt Service - Principal | | |
| Debt Service - Interest | | |
| Total Expenditures | 15,853,764 | 1,458,460 |
| Excess of Revenues Over (Under) Expenditures | (446,405) | (391,779) |
| Other Financing Sources and Uses | | |
| Operating Transfers In | | 5,000 |
| Refund of Prior Year Expenditures | 128,357 | |
| Other Financing Sources | | 471,528 |
| Operating Transfers Out | (36,300) | |
| Refund of Prior Year Receipts | | (216) |
| Total Other Financing Sources (Uses) | 92,057 | 476,312 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (354,348) | 84,533 |
| Fund Balance at Beginning of Year | 3,666 | 1,082,729 |
| Fund Balance at End of Year | (\$350,682) | \$1,167,262 |

The notes to the general-purpose financial statements are an integral part of this statement.

| Governmental Fund Types | | Fiduciary Fund Types | Totals (Memorandum Only) |
|----------------------------|---------------------|-------------------------|--------------------------------|
| Debt Service | Capital Projects | Expendable Trust | |
| | \$51,637 | | \$3,884,301 |
| | | | 126,381 |
| | | | 188,203 |
| | | | 3,000 |
| | | | 154,052 |
| | | \$5,345 | 28,219 |
| | 624,545 | | 12,765,099 |
| | | | 6,312 |
| | <u>676,182</u> | <u>5,345</u> | <u>17,155,567</u> |
| | | | |
| | 26,252 | 8,100 | 8,262,392 |
| | 17 | | 1,637,544 |
| | | | 210,113 |
| | | | 22,854 |
| | | | 1,307,370 |
| | | | 710,901 |
| | | | 79,038 |
| | | | 1,515,403 |
| | 14,921 | | 311,591 |
| | | | 155,525 |
| | | | 1,482,654 |
| | | | 655,721 |
| | | | 340,496 |
| | | | 162,882 |
| | | | 506,659 |
| | 194,537 | | 194,908 |
| | 290,000 | | 290,000 |
| | 30,600 | | 30,600 |
| | <u>556,327</u> | <u>8,100</u> | <u>17,876,651</u> |
| | <u>119,855</u> | <u>(2,755)</u> | <u>(721,084)</u> |
| | | | |
| | | | 5,000 |
| | | | 128,357 |
| | | | 471,528 |
| | | | (36,300) |
| | | | (216) |
| | | | <u>568,369</u> |
| | | | |
| | 119,855 | (2,755) | (152,715) |
| | | | |
| \$85,887 | 208,408 | 37,378 | 1,418,068 |
| <u>\$85,887</u> | <u>\$328,263</u> | <u>\$34,623</u> | <u>\$1,265,353</u> |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002**

| | Governmental Fund Types | | |
|--|--------------------------------|-------------------|------------------|
| | General | | |
| | Budget | Actual | Variance |
| Revenues: | | | |
| Intergovernmental | \$2,776,201 | \$2,946,202 | \$170,001 |
| Interest | 135,000 | 126,381 | (8,619) |
| Tuition and Fees | 205,000 | 188,203 | (16,797) |
| Rent | 4,000 | 3,000 | (1,000) |
| Extracurricular Activities | | | |
| Gifts and Donations | 500 | | (500) |
| Property & Other Local Taxes | 12,002,764 | 12,002,764 | |
| Miscellaneous | 5,000 | 2,223 | (2,777) |
| Total Revenues | 15,128,465 | 15,268,773 | 140,308 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 7,941,899 | 7,763,571 | 178,328 |
| Special | 1,365,004 | 1,350,087 | 14,917 |
| Vocational | 210,903 | 206,561 | 4,342 |
| Adult/Continuing | 19,200 | 17,222 | 1,978 |
| Support services: | | | |
| Pupils | 1,261,855 | 1,220,151 | 41,704 |
| Instructional Staff | 828,028 | 797,114 | 30,914 |
| Board of Education | 58,615 | 49,209 | 9,406 |
| Administration | 1,638,786 | 1,565,031 | 73,755 |
| Fiscal | 304,004 | 297,067 | 6,937 |
| Business | 192,273 | 166,273 | 26,000 |
| Operation and Maintenance of Plant | 1,669,698 | 1,481,713 | 187,985 |
| Pupil Transportation | 697,517 | 643,651 | 53,866 |
| Central | 147,108 | 132,919 | 14,189 |
| Non-Instructional Services | 1,500 | 875 | 625 |
| Extracurricular activities | 369,023 | 345,134 | 23,889 |
| Capital Outlay | 371 | 371 | |
| Debt Service | | | |
| Debt Service - Principal | | | |
| Debt Service - Interest | | | |
| Total Expenditures | 16,705,784 | 16,036,949 | 668,835 |
| Excess of Revenues Over (Under) Expenditures | (1,577,319) | (768,176) | 809,143 |
| Other Financing Sources and Uses | | | |
| Operating Transfers In | | | |
| Refund of Prior Year Expenditures | 75,000 | 77,437 | 2,437 |
| Other Financing Sources | | | |
| Operating Transfers Out | (45,000) | (36,300) | 8,700 |
| Refund of Prior Year Receipts | | | |
| Total Other Financing Sources (Uses) | 30,000 | 41,137 | 11,137 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,547,319) | (727,039) | 820,280 |
| Fund Balances at Beginning of Year | 1,404,197 | 1,404,197 | |
| Prior Year Encumbrances Appropriated | 185,959 | 185,959 | |
| Fund Balance at end of Year | \$42,837 | \$863,117 | \$820,280 |

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types

| <u>Special Revenue</u> | | | <u>Debt Service</u> | | |
|------------------------|--------------------|------------------|---------------------|-----------------|-----------------|
| <u>Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| \$902,566 | \$875,068 | (\$27,498) | | | |
| 173,957 | 153,701 | (20,256) | | | |
| 15,116 | 15,553 | 437 | | | |
| 4,600 | 3,293 | (1,307) | | | |
| <u>1,096,239</u> | <u>1,047,615</u> | <u>(48,624)</u> | | | |
| 674,028 | 559,618 | 114,410 | | | |
| 275,616 | 242,456 | 33,160 | | | |
| 5,632 | 5,632 | | | | |
| 112,874 | 57,565 | 55,309 | | | |
| 141,910 | 125,101 | 16,809 | | | |
| 6,548 | 1,125 | 5,423 | | | |
| 109,000 | 290 | 108,710 | | | |
| 4,991 | 4,032 | 959 | | | |
| 291,427 | 231,129 | 60,298 | | | |
| 181,049 | 151,809 | 29,240 | | | |
| 208,484 | 168,522 | 39,962 | | | |
| 252,500 | | 252,500 | | | |
| <u>2,264,059</u> | <u>1,547,279</u> | <u>716,780</u> | | | |
| <u>(1,167,820)</u> | <u>(499,664)</u> | <u>668,156</u> | | | |
| 12,321 | 12,321 | | | | |
| 553,426 | 471,528 | (81,898) | | | |
| (216) | (216) | | | | |
| <u>565,531</u> | <u>483,633</u> | <u>(81,898)</u> | | | |
| (602,289) | (16,031) | 586,258 | | | |
| 1,020,843 | 1,020,843 | | \$85,888 | \$85,888 | |
| 99,950 | 99,950 | | | | |
| <u>\$518,504</u> | <u>\$1,104,762</u> | <u>\$586,258</u> | <u>\$85,888</u> | <u>\$85,888</u> | |

(Continued)

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002
(Continued)**

| | Governmental Fund Types | | |
|--|--------------------------------|------------------|------------------|
| | Capital Projects | | |
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Revenues: | | | |
| Intergovernmental | \$51,638 | \$51,638 | |
| Interest | | | |
| Tuition and Fees | | | |
| Rent | | | |
| Extracurricular Activities | | | |
| Gifts and Donations | | | |
| Property & Other Local Taxes | 615,543 | 615,543 | |
| Miscellaneous | | | |
| Total Revenues | <u>667,181</u> | <u>667,181</u> | |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 26,252 | 26,252 | |
| Special | 17 | 17 | |
| Vocational | | | |
| Adult/Continuing | | | |
| Support services: | | | |
| Pupils | | | |
| Instructional Staff | | | |
| Board of Education | | | |
| Administration | | | |
| Fiscal | 14,921 | 14,921 | |
| Business | | | |
| Operation and Maintenance of Plant | | | |
| Pupil Transportation | | | |
| Central | | | |
| Non-Instructional Services | | | |
| Extracurricular activities | | | |
| Capital Outlay | 483,662 | 298,278 | \$185,384 |
| Debt Service | | | |
| Debt Service - Principal | 290,000 | 290,000 | |
| Debt Service - Interest | 30,600 | 30,600 | |
| Total Expenditures | <u>845,452</u> | <u>660,068</u> | <u>185,384</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(178,271)</u> | <u>7,113</u> | <u>185,384</u> |
| Other Financing Sources and Uses | | | |
| Operating Transfers In | | | |
| Refund of Prior Year Expenditures | | | |
| Other Financing Sources | | | |
| Operating Transfers Out | | | |
| Refund of Prior Year Receipts | | | |
| Total Other Financing Sources (Uses) | | | |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>(178,271)</u> | <u>7,113</u> | <u>185,384</u> |
| Fund Balances at Beginning of Year | 168,309 | 168,309 | |
| Prior Year Encumbrances Appropriated | 63,284 | 63,284 | |
| Fund Balance at end of Year | <u>\$53,322</u> | <u>\$238,706</u> | <u>\$185,384</u> |

The notes to the general-purpose financial statements are an integral part of this statement.

| Fiduciary Trust Fund | | | Totals (Memorandum Only) | | |
|----------------------|-----------------|----------------|--------------------------|--------------------|--------------------|
| Expendable Trust | | | | | |
| Budget | Actual | Variance | Budget | Actual | Variance |
| | | | \$3,730,405 | \$3,872,908 | \$142,503 |
| | | | 135,000 | 126,381 | (8,619) |
| | | | 205,000 | 188,203 | (16,797) |
| | | | 4,000 | 3,000 | (1,000) |
| | | | 173,957 | 153,701 | (20,256) |
| \$6,694 | \$5,345 | (\$1,349) | 22,310 | 20,898 | (1,412) |
| | | | 12,618,307 | 12,618,307 | |
| | | | 9,600 | 5,516 | (4,084) |
| <u>6,694</u> | <u>5,345</u> | <u>(1,349)</u> | <u>16,898,579</u> | <u>16,988,914</u> | <u>90,335</u> |
| 11,315 | 9,800 | 1,515 | 8,653,494 | 8,359,241 | 294,253 |
| | | | 1,640,637 | 1,592,560 | 48,077 |
| | | | 210,903 | 206,561 | 4,342 |
| | | | 24,832 | 22,854 | 1,978 |
| | | | 1,374,729 | 1,277,716 | 97,013 |
| | | | 969,938 | 922,215 | 47,723 |
| | | | 58,615 | 49,209 | 9,406 |
| | | | 1,645,334 | 1,566,156 | 79,178 |
| | | | 318,925 | 311,988 | 6,937 |
| | | | 192,273 | 166,273 | 26,000 |
| | | | 1,778,698 | 1,482,003 | 296,695 |
| | | | 702,508 | 647,683 | 54,825 |
| | | | 438,535 | 364,048 | 74,487 |
| | | | 182,549 | 152,684 | 29,865 |
| | | | 577,507 | 513,656 | 63,851 |
| | | | 736,533 | 298,649 | 437,884 |
| | | | 290,000 | 290,000 | |
| | | | 30,600 | 30,600 | |
| <u>11,315</u> | <u>9,800</u> | <u>1,515</u> | <u>19,826,610</u> | <u>18,254,096</u> | <u>1,572,514</u> |
| <u>(4,621)</u> | <u>(4,455)</u> | <u>166</u> | <u>(2,928,031)</u> | <u>(1,265,182)</u> | <u>1,662,849</u> |
| | | | 12,321 | 12,321 | |
| | | | 75,000 | 77,437 | 2,437 |
| | | | 553,426 | 471,528 | (81,898) |
| | | | (45,000) | (36,300) | 8,700 |
| | | | (216) | (216) | |
| | | | <u>595,531</u> | <u>524,770</u> | <u>(70,761)</u> |
| (4,621) | (4,455) | 166 | (2,332,500) | (740,412) | 1,592,088 |
| 37,379 | 37,379 | | 2,716,616 | 2,716,616 | |
| | | | 349,193 | 349,193 | |
| <u>\$32,758</u> | <u>\$32,924</u> | <u>\$166</u> | <u>\$733,309</u> | <u>\$2,325,397</u> | <u>\$1,592,088</u> |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended June 30, 2002**

| | Proprietary Fund Types | | Totals (Memorandum Only) |
|--|-----------------------------------|-----------------------------|---|
| | Enterprise | Internal Service | |
| Operating Revenues: | | | |
| Sales | \$330,056 | \$23,262 | \$353,318 |
| Total Operating Revenues | <u>330,056</u> | <u>23,262</u> | <u>353,318</u> |
| Operating Expenses | | | |
| Salaries | 184,472 | 80 | 184,552 |
| Fringe Benefits | 52,661 | 12 | 52,673 |
| Purchased Services | 3,183 | 15,808 | 18,991 |
| Materials and Supplies | 272,127 | 7,856 | 279,983 |
| Depreciation | 11,943 | | 11,943 |
| Other | 856 | | 856 |
| Total Operating Expenses | <u>525,242</u> | <u>23,756</u> | <u>548,998</u> |
| Operating Income (Loss) | <u>(195,186)</u> | <u>(494)</u> | <u>(195,680)</u> |
| Non-Operating Revenues and Expenses | | | |
| Federal Donated Commodities | 16,991 | | 16,991 |
| Federal and State Subsidies | 131,881 | | 131,881 |
| Total Non-Operating Revenues and Expenses | <u>148,872</u> | | <u>148,872</u> |
| Income (Loss) Before Operating Transfers | <u>(46,314)</u> | <u>(494)</u> | <u>(46,808)</u> |
| Operating Transfers-In | <u>28,500</u> | <u>2,800</u> | <u>31,300</u> |
| Net Income (Loss) | <u>(17,814)</u> | <u>2,306</u> | <u>(15,508)</u> |
| Retained Earnings at Beginning of Year | <u>26,348</u> | <u>2,708</u> | <u>29,056</u> |
| Retained Earnings at End of Year | <u><u>\$8,534</u></u> | <u><u>\$5,014</u></u> | <u><u>\$13,548</u></u> |

The notes to the general-purpose financial statements are an integral part of this statement.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2002**

| | Proprietary Fund Types | | Totals (Memorandum Only) |
|---|-----------------------------------|-----------------------------|---|
| | Enterprise | Internal Service | |
| Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash Flows from Operating Activities: | | | |
| Cash Received from Sales | \$329,948 | \$23,262 | \$353,210 |
| Cash Payments to Suppliers for Goods and Service | (251,683) | (7,856) | (259,539) |
| Cash Payments for Contract Services | (3,560) | (15,808) | (19,368) |
| Cash Payments for Employee Services | (180,802) | (80) | (180,882) |
| Cash Payments for Employee Benefits | (51,502) | (12) | (51,514) |
| Other Cash Payments | (856) | | (856) |
| Net Cash Provided (Used) by Operating Activities | <u>(158,455)</u> | <u>(494)</u> | <u>(158,949)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Operating Grants Received | 131,881 | | 131,881 |
| Transfers In | 28,500 | 2,800 | 31,300 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>160,381</u> | <u>2,800</u> | <u>163,181</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Payments for Capital Acquisitions | (3,580) | | (3,580) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(3,580)</u> | | <u>(3,580)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,654) | 2,306 | 652 |
| Cash and Cash Equivalents at Beginning of Year | 32,487 | 2,708 | 35,195 |
| Cash and Cash Equivalents at End of Year | <u>\$30,833</u> | <u>\$5,014</u> | <u>\$35,847</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | (\$195,186) | (\$494) | (\$195,680) |
| Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 11,943 | | 11,943 |
| Donated Commodities Used During the Year | 16,991 | | 16,991 |
| Adjustments to Capital Outlay | 1,585 | | 1,585 |
| (Increase) Decrease in Assets: | | | |
| Accounts | (109) | | (109) |
| Material and Supplies Inventory | 2,357 | | 2,357 |
| Increase (Decrease) in Liabilities: | | | |
| Compensated Absences Payable | 18 | | 18 |
| Intergovernmental Payable | (188) | | (188) |
| Deferred Revenue | (489) | | (489) |
| Accrued Wages and Benefits | 5,000 | | 5,000 |
| Accounts Payable | (377) | | (377) |
| Total Adjustments | <u>36,731</u> | | <u>36,731</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(\$158,455)</u> | <u>(\$494)</u> | <u>(\$158,949)</u> |

The notes to the general-purpose financial statements are an integral part of this statement.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The 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 statute and/or federal guidelines.

The School District was established in the 1920s through the consolidation of existing land areas and school districts. The School District serves an area of approximately 27 square miles. It is located in Wood County, and includes the City of Rossford and portions of the City of Northwood and portions of Perrysburg and Lake Townships. The School District is the 265th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 110 non-certificated employees and 162 certificated full-time teaching personnel who provide services to 2,100 students and other community members. The School District currently operates five instructional buildings, one administrative building, and one garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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. The School District has no component units.

The following activities are included within the reporting entity:

Parochial Schools - Within the School District boundaries, All Saints Catholic elementary and junior high schools are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with six organizations, which are defined as jointly governed organizations, insurance purchasing pools, and a related organization. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Educational Council, the Penta County Joint Vocational School District, the Ohio School Boards Association Worker's Compensation Group Rating Plan, the Wood County Schools Benefit Plan, and the Rossford Public Library. These organizations are presented in Notes 16, 17, and 18 to the general-purpose financial statements.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed by the enterprise fund.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes 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 included timing requirements, which specify the year when the revenue resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, grants, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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 the governmental funds.

The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements.

B. Fund Accounting

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

1. Governmental Funds

The funds through which most Board of Education functions are typically financed.

General Fund - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

Special Revenue Funds - The funds used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Fund - The funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the debt service fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the debt service fund might also be used to account for the payment of debt for proprietary funds and the short-term debt of both governmental and proprietary funds.

Capital Projects Funds - The funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Funds

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - Used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis.

3. Fiduciary Funds

The funds used to account for assets not owned by the Board, but held for a separate entity.

Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust funds.

Agency Funds - The funds used to account for assets held by the District as an agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups

General Fixed Assets Account Group - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

General Long-term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2002 the investments were limited to repurchase agreements and STAR Ohio. All investments of the School District had a maturity of two years or less. Investments are stated at fair market value or amortized cost. Investment earnings are allocated as authorized by State statute.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. 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, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$126,381, of which \$66,982 was assigned from other funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District is considered to be cash equivalent. Investments with an initial maturity of more than three months are reported as investments.

E. 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.

F. Interfund Receivables/Payables

During the course of operations, short term advances occur between individual funds for operating expenditures until receipt of grants or other financing. These receivables and payables are classified as "Inter fund Receivable" or "due to other funds" on the balance sheet. Short-term inter fund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

G. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

J. 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 that the School District will compensate the employees for the benefits through paid time off or some other means. 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.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

L. Fund Balance Reserves

The School District reserves those portions of fund equity 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 of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, advances, and debt service.

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

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY

At June 30, 2002, the General, Auxiliary Services, Title I and Title VI-R funds had deficit fund balances of \$350,682, \$6,528, \$4,587 and \$37, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 – ADVANCES TO/FROM OTHER FUNDS

Advances at June 30, 2002 consist of the following receivables and payables:

| Fund | Receivable | Payable |
|-----------------|------------|----------|
| General | \$21,600 | |
| Special Revenue | | \$2,600 |
| Enterprise | | 19,000 |
| Total | \$21,600 | \$21,600 |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 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.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At fiscal year end, the School District had \$1,100 in cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$44,071) and the bank balance was \$295,110. Of the bank balance was \$101,078 covered by federal depository insurance and \$194,032 was covered by pooled collateral. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name, and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

| | Category 3 | Reported Amount | Fair Value |
|----------------------|--------------------|--------------------|--------------------|
| Repurchase Agreement | \$1,093,976 | \$1,093,976 | \$1,093,976 |
| STAR Ohio | | 1,876,841 | 1,876,841 |
| Totals | \$1,093,976 | \$2,970,817 | \$2,970,817 |

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Governmental Entities That Use Proprietary Fund Accounting."

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents | Investments |
|--|------------------------------|-------------|
| GASB Statement 9 | \$2,927,846 | |
| Investments of the Cash Management Pool: | | |
| Repurchase Agreement | (1,093,976) | \$1,093,976 |
| STAR Ohio | (1,876,841) | 1,876,841 |
| Cash on Hand | (1,100) | |
| GASB Statement 3 | (\$44,071) | \$2,970,817 |

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

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

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, 2002 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$681,633 in the General Fund and \$40,270 in the Capital Projects Fund.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

The assessed values upon which fiscal year 2002 taxes were collected are:

| | <u>2001 Second-half Collections</u> | | <u>2002 First-half Collections</u> | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential/Commercial RE | \$239,608,480 | 64% | \$247,034,830 | 65% |
| Public Utility | 15,814,390 | 4% | 11,098,690 | 3% |
| Tangible Personal Property | 117,961,891 | 32% | 123,933,675 | 32% |
| Total Assessed Value | <u>\$373,384,761</u> | <u>100%</u> | <u>\$382,067,195</u> | <u>100%</u> |
| Tax rate per \$1,000 of assessed valuation | \$48.60 | | \$48.60 | |

NOTE 7 - 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

| <u>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund</u> | | | | |
|--|--------------------|----------------------------|-----------------------------|-----------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> |
| Budget Basis | (\$727,039) | (\$16,031) | \$7,113 | (\$4,455) |
| Adjustments for: | | | | |
| Revenue Accruals | 138,586 | 11,745 | 9,001 | |
| Expenditure Accruals | (162,327) | (10,491) | 54,453 | |
| Other Sources/Uses | 50,920 | | | |
| Encumbrances | 345,512 | 99,310 | 49,288 | 1,700 |
| GAAP Basis | <u>(\$354,348)</u> | <u>\$84,533</u> | <u>\$119,855</u> | <u>(\$2,755)</u> |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

| | Amounts |
|-----------------------|--------------|
| General Fund | |
| Taxes | \$13,743,712 |
| Accounts | 57,196 |
| Special Revenue Fund | |
| Accounts | 351 |
| Intergovernmental | 58,082 |
| Capital Projects Fund | |
| Taxes | 632,557 |
| Total Receivables | \$14,491,898 |

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

| | |
|--------------------------------|-----------|
| Furniture and Equipment | \$342,768 |
| Less: Accumulated Depreciation | (290,455) |
| Net Fixed Assets | \$52,313 |

A summary of the changes in general fixed assets during fiscal year 2002 follows:

| Asset Category | Balance at 6/30/01 | Additions | Deletions | Balance at 6/30/02 |
|----------------------------|-----------------------|-----------|-----------|-----------------------|
| Land and Improvements | \$1,059,617 | \$55,815 | | \$1,115,432 |
| Buildings and Improvements | 8,756,108 | 202,051 | | 8,958,159 |
| Furniture and Equipment | 3,108,619 | 433,657 | | 3,542,276 |
| Vehicles | 1,268,945 | | | 1,268,945 |
| Totals | \$14,193,289 | \$691,523 | | \$14,884,812 |

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

| | Balance at 07/01/01 | Additions | Deductions | Balance at 06/30/02 |
|-----------------------------|---------------------------|------------------|------------------|---------------------------|
| School Improvement Bonds | \$910,000 | | \$290,000 | \$620,000 |
| Intergovernmental Payable | 146,821 | 146,690 | 146,821 | 146,690 |
| Compensated Absences | 992,205 | 14,934 | | 1,007,139 |
| Total Long-Term Obligations | <u>\$2,049,026</u> | <u>\$161,624</u> | <u>\$436,821</u> | <u>\$1,773,829</u> |

School Improvement Bonds - On January 7, 1999, the Rossford Exempted Village School District issued \$1,460,000 in voted general obligation bonds for the purpose of renovating, rehabilitation, adding to, acquiring, furnishing, equipping and otherwise improving school facilities and sites. The bonds will be retired from the capital projects fund.

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

The School District's voted legal debt margin was \$33,766,048 with an unvoted debt margin of \$382,067 at June 30, 2002.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2002, are as follows:

| Fiscal year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 2003 | \$305,000 | \$18,700 | \$323,700 |
| 2004 | 315,000 | 6,300 | 321,300 |
| Total | <u>\$620,000</u> | <u>\$25,000</u> | <u>\$645,000</u> |

NOTE 11- RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

OSBA Workers' Compensation Group Rating

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were, \$1,218,722, \$1,149,367 and \$1,007,722 respectively; 84 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$194,900 representing unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 1300 East Broad Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$344,890, \$332,935, and \$307,446, respectively, 51 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$168,852 representing unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 13 - POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of monthly premiums.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. For the School District, this amount was approximately \$392,000 during fiscal year 2002. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate is 9.80 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$315.7 million. The number of participants currently receiving health care benefits is approximately 50,000. For the School District, this amount to fund health care benefits was approximately \$241,000 during the 2002 fiscal year.

NOTE 14 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 284 days for classified employees and 284 days for certificated employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 71 days for classified employees and 71 days for certificated employees.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Rossford Exempted Village School District as of and for the fiscal year ended June 30, 2002.

| | <u>Food Service</u> | <u>Uniform School Supplies</u> | <u>Total Enterprise Funds</u> |
|--------------------------|---------------------|--|---------------------------------------|
| Operating Revenues | \$303,244 | \$26,812 | \$330,056 |
| Operating Expenses | 464,388 | 48,911 | 513,299 |
| Depreciation Expense | 11,943 | | 11,943 |
| Operating Income (Loss) | (173,087) | (22,099) | (195,186) |
| Donated Commodities | 16,991 | | 16,991 |
| Grants | 131,881 | | 131,881 |
| Operating Transfers - In | 28,500 | | 28,500 |
| Net Income (Loss) | 4,285 | (22,099) | (17,814) |
| Net Working Capital | (52,009) | 8,230 | (43,779) |
| Total Assets | 81,096 | 8,230 | 89,326 |
| Total Liabilities | 80,792 | | 80,792 |
| Total Equity | 304 | 8,230 | 8,534 |

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, Williams, Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Total disbursements made by the District to NBEC for GAAP conversion services during this fiscal year were \$3,250. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

Penta County Joint Vocational School District

The Penta County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the sixteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Joint Vocational School District, Carrie J. Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), 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 OSA. The Executive Director of the OSA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Wood County Schools Benefit Plan

The School District participates in the Wood County Schools Benefit Plan, a public entity risk pool currently operating as a common risk management and insurance program for 10 member school districts. The School District pays an annual premium to Wood County Schools Benefit Plan, for its health, dental and life insurance coverage. It is intended that the Wood County Schools Benefit Plan will be self-sustaining through member premiums and reinsures through commercial companies for excess claims.

NOTE 18 - RELATED ORGANIZATION

Rossford Public Library

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 does serve 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.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 19 - CONTINGENCIES

Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

Litigation:

The School District management and legal counsel have indicated that district is not a party to any legal proceedings.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2002, only the unspent portion of certain workers compensation refunds are required to be set aside at fiscal year end. The balance no longer required by statute for budget stabilization was designated by the District to be used for budget stabilization.

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

| | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> |
|--|--------------------|--------------------------------|---------------------------------|
| Set-aside Cash Balance as of June 30, 2001 | \$52,230 | | \$308,192 |
| Current Year Set-aside Requirement | 233,341 | \$233,341 | |
| Current Year Offsets | | (335,522) | |
| Qualifying Disbursements | <u>(402,004)</u> | <u>(248,990)</u> | <u>(308,192)</u> |
| Total | <u>(\$116,433)</u> | <u>(\$351,171)</u> | <u>-</u> |
| Cash Balance Carried Forward to FY 2003 | <u>(\$116,433)</u> | <u>-</u> | <u>-</u> |

Although the School District had offsets and qualifying disbursements during the year that reduced the capital improvement set-aside amounts to below zero, the excess qualifying disbursements of the capital improvement set aside may not be used to reduce the capital improvement set-aside requirements of future years except in limited circumstances.

**ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 21 -STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement.

On December 11, 2002, the Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

For the Year Ended June 30, 2002

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2002

| <u>Federal Grantor/Program Title</u> | <u>Pass Through Entity Number</u> | <u>Federal CFDA Number</u> | <u>Receipts</u> | <u>Expenditures</u> |
|--|---|------------------------------------|-------------------|---------------------|
| <u>U.S. Department of Agriculture:</u> | | | | |
| (Passed through Ohio Department of Education) | | | | |
| Nutrition Cluster: | | | | |
| Food Distribution Program | 03-PU | 10.550 | \$ 16,991 | 16,991 |
| School Breakfast Program | 05-PU | 10.553 | 9,844 | 9,844 |
| National School Lunch Program | 04-PU | 10.555 | <u>115,800</u> | <u>115,800</u> |
| Total U.S. Department of Agriculture | | | <u>142,635</u> | <u>142,635</u> |
| <u>U.S. Department of Education:</u> | | | | |
| (Passed through Ohio Department of Education) | | | | |
| Special Education Cluster: | | | | |
| IDEA Part B | 6B-SF | 84.027 | 183,688 | 188,898 |
| Preschool Grant | PG - S1 | 84.173 | <u>13,123</u> | <u>10,728</u> |
| | | | <u>196,811</u> | <u>199,626</u> |
| Title I Grant | C1-S1 | 84.010 | 109,940 | 124,838 |
| Safe and Drug Free Schools | DR-S1 | 84.186 | 8,034 | 8,034 |
| Goal 2000 | G2-S9 | 84.276 | 40,000 | 12,000 |
| Eisenhower Professional Development Grant | MS-S1 | 84.281 | 8,164 | 10,910 |
| Innovative Education Program Strategy | C2-S1 | 84.298 | 9,541 | 12,583 |
| Technology Literacy Challenge | TF-51 | 84.318 | 197,566 | 186,261 |
| Class Size Reduction | CR-S1 | 84.340 | <u>38,426</u> | <u>43,033</u> |
| Total U.S. Department of Education | | | <u>608,482</u> | <u>597,285</u> |
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Medical Assistance Program - CAFS | n/a | 93.778 | <u>13,422</u> | <u>13,422</u> |
| Total U.S. Department of Health and Human Services | | | <u>13,422</u> | <u>13,422</u> |
| Total Federal Awards | | | \$ <u>764,539</u> | <u>753,342</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 value of the commodities received and disbursed.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
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 Rossford Exempted Village School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002, except for Note 21, as to which the date is December 11, 2002. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rossford Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Education, 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, Hackett & Co.

Cincinnati, Ohio
December 5, 2002
except for Note 21, as to
which the date is
December 11, 2002

**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 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, 2002. Rossford Exempted Village 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 Rossford Exempted Village School District's compliance with those requirements, and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Rossford Exempted Village 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, 2002.

Internal Control Over Compliance

The management of Rossford Exempted Village School District is responsible for establishing and maintaining effective control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Rossford Exempted Village 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
December 5, 2002
except for Note 21, as to
which the date is
December 11, 2002

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2002

Section I - Summary of Auditors' Results

Financial Statements

| | |
|---|-------------|
| Type of report issued on financial statements: | unqualified |
| Internal control over financial reporting: Material weakness(es) identified? | none |
| Reportable condition(s) identified not considered to be material weaknesses? | none |
| Noncompliance material to financial statements noted? | none |

Federal Awards

| | |
|--|-------------|
| Internal Control over major programs: Material weakness(es) identified? | none |
| Reportable condition(s) 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 Circular A-133, Section .510(a)? | none |
| Identification of major programs: <i>Special Education Cluster:</i> <i>CFDA 84.027 IDEA Part B</i> <i>CFDA 84.173 Preschool Grant</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

None.

Section III - Federal Award Findings and Questioned Costs

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JANUARY 9, 2003**