



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**REGULAR AUDIT**

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



**Mary Taylor, CPA**  
Auditor of State



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Table of Contents**

<b>Title</b>	<b>Page</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual Comparison - General Fund.....	16
Statement of Fiduciary Net Assets - Fiduciary Fund .....	17
Notes to the Basic Financial Statements .....	18
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	43

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Edon Northwest Local School District  
Williams County  
802 West Indiana Street  
Edon, Ohio 43518-9627

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

**Mary Taylor, CPA**  
Auditor of State

February 21, 2008

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited**

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

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$122,268.
- General revenues accounted for \$5,138,141, or 77 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,527,868, or 23 percent of total revenues of \$6,666,009.
- The District's major funds included the General fund, the Bond Retirement fund, and the Classroom Facilities fund. The General fund had \$5,224,626 in revenues and other financing sources and \$5,197,134 in expenditures. The General fund's balance increased \$27,492 from the prior fiscal year. The Bond Retirement fund had \$3,113,137 in revenues and other financing sources and \$3,136,979 in expenditures and other financing uses. The Bond Retirement fund's balance decreased \$23,842 from the prior fiscal year. The Classroom Facilities fund had \$66,579 in revenues and \$16,575 in expenditures. The Classroom Facilities fund's balance increased \$50,004 from the prior fiscal year.
- The revenue generated from the Bond Retirement fund is used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

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

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

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

For the District, the General fund is by far the most significant fund. The General fund, the Bond Retirement fund, and the Classroom Facilities fund are the only three major funds.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

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

In the statement of net assets and the statement of activities, the District discloses a single type of activity, its governmental activities, which include all of its programs and services such as instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

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

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund, the Bond Retirement fund, and the Classroom Facilities fund. While the District uses many funds to account for its financial transactions, these are the most significant.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

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



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 1  
Net Assets  
Governmental Activities**

	<u>2007</u>	<u>2006</u>
<b><u>Assets:</u></b>		
Current and Other Assets	\$7,332,399	\$6,953,440
Capital Assets, Net	18,385,621	18,658,066
Total Assets	<u>25,718,020</u>	<u>25,611,506</u>
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	2,620,118	2,317,536
Long-Term Liabilities	4,088,489	4,406,825
Total Liabilities	<u>6,708,607</u>	<u>6,724,361</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets, Net of Related Debt	14,740,621	14,703,066
Restricted	2,072,601	2,004,171
Unrestricted	2,196,191	2,179,908
Total	<u>\$19,009,413</u>	<u>\$18,887,145</u>

The net decrease in capital assets was attributed to an increase in accumulated depreciation associated with the new District school building. The increase in current and other liabilities was primarily attributed to an increase in accrued wages and benefits, accrued interest payable, and deferred revenue which was offset by a decrease in retainage payable.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

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

**Table 2  
Changes in Net Assets  
Governmental Activities**

	2007	2006
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$784,213	\$752,301
Operating Grants and Contributions	743,655	476,556
Capital Grants and Contributions		7,552
Total Program Revenues	1,527,868	1,236,409
General Revenues:		
Property Taxes	1,763,913	1,847,744
Grants and Entitlements Not Restricted	3,056,373	3,045,591
Investment Earnings	257,493	179,004
Gifts and Donations	14,714	13,482
Miscellaneous Revenue	43,940	35,942
Proceeds from Sale of Capital Assets	1,708	
Total General Revenues	5,138,141	5,121,763
Total Revenues	6,666,009	6,358,172
<b><u>Expenses:</u></b>		
Instruction	3,205,849	3,202,101
Support Services:		
Pupils	259,971	239,701
Instructional Staff	270,361	322,485
Board of Education	17,790	16,053
Administration	551,461	572,203
Fiscal	238,943	264,800
Business	6,705	14,240
Operation and Maintenance of Plant	734,983	718,289
Pupil Transportation	395,757	321,491
Central	39,861	56,322
Non-Instructional	301,692	325,255
Extracurricular Activities	220,055	291,111
Capital Outlay	140,708	
Interest and Fiscal Charges	159,605	207,098
Total Expenses	6,543,741	6,551,149
<b>Increase/(Decrease) in Net Assets</b>	<b>\$122,268</b>	<b>(\$192,977)</b>

"Charges for Services" program revenues increased primarily due to increase in open enrollment tuition in the General fund. "Operating Grant and Contributions" increased due to an increase in state and federal grants.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

Governmental Activities

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

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Instruction	\$3,205,849	\$2,073,416	\$3,202,101	\$2,329,948
Support Services:				
Pupils	259,971	257,008	239,701	235,940
Instructional Staff	270,361	264,461	322,485	315,360
Board of Education	17,790	17,790	16,053	16,053
Administration	551,461	546,461	572,203	567,203
Fiscal	238,943	238,943	264,800	264,800
Business	6,705	6,705	14,240	14,240
Operation and Maintenance of Plant	734,983	734,983	718,289	718,289
Pupil Transportation	395,757	377,167	321,491	321,491
Central	39,861	30,861	56,322	47,322
Non-Instructional	301,692	24,242	325,255	65,938
Extracurricular Activities	220,055	143,523	291,111	211,058
Capital Outlay	140,708	140,708		
Interest and Fiscal Charges	159,605	159,605	207,098	207,098
Total Expenses	<u>\$6,543,741</u>	<u>\$5,015,873</u>	<u>\$6,551,149</u>	<u>\$5,314,740</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 64 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 77 percent. The remaining 23 percent is derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General fund, the Bond Retirement fund, and the Classroom Facilities fund. Total governmental funds had revenues and other financing sources of \$9,349,255 and expenditures and other financing uses of \$9,248,122.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

The General fund's net positive change in fund balance of \$27,492 was primarily attributed to increases in property taxes, intergovernmental revenues, interest earnings, and tuition greater than the 5.5 percent increase in expenditures. The Bond Retirement fund's net negative change of \$23,842 in fund balance was primarily attributed to a bond refunding that restructured the payment schedule, making the payments higher over the next few years. The Classroom Facilities fund's net positive change of \$50,004 in fund balance was primarily attributed to a decrease in capital expenditures for the construction of the District's new school building greater than the increase in interest revenue.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2007, the District amended its General fund budget as needed.

Final expenditures and other financing uses were budgeted at \$6,855,375 while actual expenditures and other financing uses were \$5,225,157. The \$1,630,218 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the District had \$18,385,621 invested in capital assets (net of accumulated depreciation) for governmental activities which is a decrease of \$272,445 over 2006 which is primarily attributed to depreciation.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

**Debt**

At June 30, 2007, the District had \$3,645,000 in school improvement general obligation bonds for building improvements to the former high school / middle school building and the new District school building. The bonds were issued for a twenty-three year period, with final maturity on December 1, 2019, and December 1, 2024, respectively. The bonds are being retired through two individual Debt Service funds.

At June 30, 2007, the District's overall legal debt margin was \$1,064,079, with an un-voted debt margin of \$52,323.

For further information regarding the District's debt, see the notes to the basic financial statements.

**Current Issues**

The District is holding its own in the state of a declining economy and uncertainty in State funding. Edon Northwest Area is a small rural community of 3,200 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the second year of the state biennium budget. 56.3 percent of District revenue sources is from local funds, 36.3 percent is from state funds, and the remaining 7.4 percent is from federal funds. The total expenditure per pupil was calculated at \$8,107.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

In November 2005, the District renewed a five-year, three mill permanent improvement levy. This levy provides a source of revenue to handle permanent improvements for the District. This frees General Fund revenue to be used for the operation of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

On August 22, 2006, the District issued School Improvement Refunding Bonds in the amount of \$2,450,000 to refund the original 2001 bond issue at a lower interest rate. The new bond issue included \$2,385,000 of current interest bonds and these bonds will mature in December 2024. The original \$2,450,000 term bonds outstanding at June 30, 2007 were defeased.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Laura Sauber, Treasurer, Edon Local School District, 802 West Indiana Street, Edon, Ohio 43518-9627.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	4,956,631
Materials and Supplies Inventory		32,561
Accounts Receivable		338
Intergovernmental Receivable		60,336
Prepaid Items		14,191
Taxes Receivable		2,268,342
Non-Depreciable Capital Assets		248,018
Depreciable Capital Assets, net		18,137,603
Total Assets		<u>25,718,020</u>
<b>Liabilities:</b>		
Accounts Payable		2,600
Accrued Wages and Benefits		446,597
Intergovernmental Payable		118,217
Accrued Interest Payable		23,610
Matured Compensated Absences Payable		38,064
Deferred Revenue		1,991,030
Long-Term Liabilities:		
Due Within One Year		240,000
Due in More Than One Year		3,848,489
Total Liabilities		<u>6,708,607</u>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt		14,740,621
Restricted for Debt Service		420,917
Restricted for Capital Outlay		1,466,473
Restricted for Other Purposes		185,211
Unrestricted		2,196,191
Total Net Assets	\$	<u>19,009,413</u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 2,425,349	\$ 534,631	\$ 90,620	\$ (1,800,098)
Special	592,068		480,705	(111,363)
Vocational	181,166		26,477	(154,689)
Adult/Continuing	432			(432)
Other	6,834			(6,834)
Support Services:				
Pupils	259,971		2,963	(257,008)
Instructional Staff	270,361		5,900	(264,461)
Board of Education	17,790			(17,790)
Administration	551,461		5,000	(546,461)
Fiscal	238,943			(238,943)
Business	6,705			(6,705)
Operation and Maintenance of Plant	734,983			(734,983)
Pupil Transportation	395,757		18,590	(377,167)
Central	39,861		9,000	(30,861)
Operation of Non-Instructional Services	301,692	173,050	104,400	(24,242)
Extracurricular Activities	220,055	76,532		(143,523)
Capital Outlay	140,708			(140,708)
Debt Service:				
Interest and Fiscal Charges	159,605			(159,605)
<b>Totals</b>	<b>\$ 6,543,741</b>	<b>\$ 784,213</b>	<b>\$ 743,655</b>	<b>\$ (5,015,873)</b>

General Revenues:

Taxes:	
Property Taxes, Levied for General Purposes	\$ 1,273,887
Property Taxes, Levied for Capital Outlay	103,275
Property Taxes, Levied for Debt Service	359,616
Property Taxes, Levied for Other	27,135
Grants and Entitlements not Restricted to Specific Programs	3,056,373
Gifts and Donations	14,714
Investment Earnings	257,493
Miscellaneous	43,940
Proceeds from Sale of Capital Assets	1,708
<b>Total General Revenues</b>	<b>5,138,141</b>
Change in Net Assets	122,268
Net Assets Beginning of Year	18,887,145
Net Assets End of Year	<b>\$ 19,009,413</b>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Classroom Facilities Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 2,933,639	\$ 406,539	\$ 1,319,676	\$ 296,777	\$ 4,956,631
Materials and Supplies Inventory	23,186			9,375	32,561
Intergovernmental Receivable	5,498			54,838	60,336
Accounts Receivable	143			195	338
Prepaid Items	14,191				14,191
Taxes Receivable	1,668,798	436,287		163,257	2,268,342
<b>Total Assets</b>	<b>\$ 4,645,455</b>	<b>\$ 842,826</b>	<b>\$ 1,319,676</b>	<b>\$ 524,442</b>	<b>\$ 7,332,399</b>
<b>Liabilities:</b>					
Current Liabilities:					
Accounts Payable	\$ 2,600				\$ 2,600
Accrued Wages and Benefits	407,980			\$ 38,617	446,597
Intergovernmental Payable	104,862			13,355	118,217
Matured Compensated Absences Payable	38,064				38,064
Deferred Revenue	1,569,790	\$ 418,917		183,889	2,172,596
	<b>2,123,296</b>	<b>418,917</b>		<b>235,861</b>	<b>2,778,074</b>
<b>Fund Balances:</b>					
Reserved:					
Reserved for Encumbrances	4,027			2,522	6,549
Reserved for Inventory	23,186			9,375	32,561
Reserved for Prepaid Items	14,191				14,191
Reserved for Property Taxes	99,008	17,370		10,422	126,800
Unreserved, Undesignated, Reported in:					
General Fund	2,381,747				2,381,747
Special Revenue Funds				138,461	138,461
Debt Service Funds		406,539			406,539
Capital Projects Funds			\$ 1,319,676	127,801	1,447,477
<b>Total Fund Balances</b>	<b>2,522,159</b>	<b>423,909</b>	<b>1,319,676</b>	<b>288,581</b>	<b>4,554,325</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,645,455</b>	<b>\$ 842,826</b>	<b>\$ 1,319,676</b>	<b>\$ 524,442</b>	<b>\$ 7,332,399</b>

See Accompanying Notes to the Basic Financial Statements



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

Total Governmental Fund Balances	\$	4,554,325
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds.</p>		18,385,621
<p>Other long-term assets are not available to pay for current period expenditures; therefore, they are deferred in the funds:</p>		
Property Taxes Receivable	150,512	
Intergovernmental Receivable	31,054	
		181,566
<p>Some liabilities are not due and payable in the current period; therefore, they are not reported in the funds:</p>		
Accrued Interest Payable	(23,610)	
General Obligation Bonds Payable	(3,645,000)	
Compensated Absences Payable	(443,489)	
		(4,112,099)
Net Assets of Governmental Activities	\$	19,009,413

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property and Other Local Taxes	\$ 1,293,432	\$ 359,730		\$ 130,464	\$ 1,783,626
Intergovernmental	3,185,257	71,307		524,897	3,781,461
Interest	162,181		\$ 66,579	1,684	230,444
Increase in Fair Value of Investments	27,049				27,049
Tuition and Fees	501,321			17,241	518,562
Rent	6,300				6,300
Extracurricular Activities	2,707			82,702	85,409
Gifts and Donations	4,608			10,106	14,714
Customer Sales and Services	567			173,375	173,942
Miscellaneous	39,496			4,444	43,940
Total Revenues	<u>5,222,918</u>	<u>431,037</u>	<u>66,579</u>	<u>944,913</u>	<u>6,665,447</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	2,204,706			47,795	2,252,501
Special	311,807			273,127	584,934
Vocational	165,865			157	166,022
Adult/Continuing	432				432
Other	6,834				6,834
Support Services:					
Pupils	217,317			22,347	239,664
Instructional Staff	184,374			40,433	224,807
Board of Education	17,790				17,790
Administration	543,052			14,415	557,467
Fiscal	219,365	8,884		5,616	233,865
Business	1,420				1,420
Operation and Maintenance of Plant	681,753		4,870	37,759	724,382
Pupil Transportation	362,223			58,618	420,841
Central	30,366			9,495	39,861
Operation of Non-Instructional Services	109			248,170	248,279
Extracurricular Activities	179,358			80,862	260,220
Capital Outlay	70,363		11,705	58,640	140,708
Debt Service:					
Principal		310,000			310,000
Interest		139,306			139,306
Issuance Costs		59,452			59,452
Total Expenditures	<u>5,197,134</u>	<u>517,642</u>	<u>16,575</u>	<u>897,434</u>	<u>6,628,785</u>
Excess of Revenues Over (Under) Expenditures	<u>25,784</u>	<u>(86,605)</u>	<u>50,004</u>	<u>47,479</u>	<u>36,662</u>
<b>Other Financing Sources and Uses:</b>					
Premium on the Sale of Refunding Bonds		228,789			228,789
Proceeds on the Sale of Refunding Bonds		2,453,311			2,453,311
Proceeds from Sale of Capital Assets	1,708				1,708
Payment to Refunded Bond Escrow Agent		(2,619,337)			(2,619,337)
Total Other Financing Sources and Uses	<u>1,708</u>	<u>62,763</u>			<u>64,471</u>
Net Change in Fund Balances	<u>27,492</u>	<u>(23,842)</u>	<u>50,004</u>	<u>47,479</u>	<u>101,133</u>
Fund Balance at Beginning of Year	2,494,667	447,751	1,269,672	241,102	4,453,192
Fund Balance at End of Year	<u>\$ 2,522,159</u>	<u>\$ 423,909</u>	<u>\$ 1,319,676</u>	<u>\$ 288,581</u>	<u>\$ 4,554,325</u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

Net Change in Fund Balances - Total Governmental Funds \$ 101,133

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

Governmental funds report capital outlay as expenditures; however, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	\$ 343,238	
Depreciation	<u>(605,382)</u>	(262,144)

The book value of the capital assets is removed from the capital asset account on the statement of net assets when disposed resulted in a loss on disposal of capital assetson the statement of activities.

Loss on Disposal of Capital Assets		(10,301)
------------------------------------	--	----------

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

Intergovernmental	18,567	
Delinquent Property Taxes	<u>(19,713)</u>	(1,146)

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

		310,000
--	--	---------

Interest charges reported on the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.

		(23,610)
--	--	----------

Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds:

Compensated Absences Payable		8,336
------------------------------	--	-------

Change in Net Assets of Governmental Activities	\$	<u><u>122,268</u></u>
---	----	-----------------------

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 1,213,305	\$ 1,213,305	\$ 1,277,708	\$ 64,403
Intergovernmental	3,192,200	3,192,200	3,179,759	(12,441)
Interest	125,800	125,800	162,181	36,381
Tuition and Fees	538,000	538,000	501,396	(36,604)
Rent	5,000	5,000	6,300	1,300
Extracurricular Activities	2,800	2,800	2,720	(80)
Gifts and Donations	5,000	5,000	4,608	(392)
Customer Sales and Services	1,200	1,200	567	(633)
Miscellaneous	36,200	36,200	39,770	3,570
<b>Total Revenues</b>	<b>5,119,505</b>	<b>5,119,505</b>	<b>5,175,009</b>	<b>55,504</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,461,500	2,436,312	2,190,132	246,180
Special	458,210	457,086	311,370	145,716
Vocational	184,898	184,896	165,467	19,429
Adult/Continuing	985	985	432	553
Other	60,000	60,000	7,026	52,974
<b>Support Services:</b>				
Pupils	246,300	246,300	218,212	28,088
Instructional Staff	239,338	239,271	188,147	51,124
Board of Education	25,075	25,075	17,675	7,400
Administration	981,470	981,270	544,055	437,215
Fiscal	265,035	260,335	227,180	33,155
Business	20,700	20,700	1,420	19,280
Operation and Maintenance of Plant	804,830	791,180	669,088	122,092
Pupil Transportation	430,074	452,574	350,999	101,575
Central	49,324	44,324	34,407	9,917
Operation of Non-Instructional Services	1,090	1,090	144	946
Extracurricular Activities	213,525	213,525	179,040	34,485
Capital Outlay	65,302	75,452	70,363	5,089
<b>Total Expenditures</b>	<b>6,507,656</b>	<b>6,490,375</b>	<b>5,175,157</b>	<b>1,315,218</b>
<b>Excess of Expenditures Over Revenues</b>	<b>(1,388,151)</b>	<b>(1,370,870)</b>	<b>(148)</b>	<b>1,370,722</b>
<b>Other Financing Sources and Uses:</b>				
Transfers In	75,000	50,000	50,000	
Proceeds from Sale of Fixed Assets	200	200	1,708	1,508
Refund of Prior Year Expenditures	5,000	5,000	1,045	(3,955)
Transfers Out	(100,000)	(100,000)	(50,000)	50,000
Advances Out	(75,000)	(75,000)		75,000
Other Financing Uses	(190,000)	(190,000)		190,000
<b>Total Other Financing Sources and Uses</b>	<b>(284,800)</b>	<b>(309,800)</b>	<b>2,753</b>	<b>312,553</b>
<b>Net Change in Fund Balances</b>	<b>(1,672,951)</b>	<b>(1,680,670)</b>	<b>2,605</b>	<b>1,683,275</b>
Fund Balance at Beginning of Year	2,819,921	2,819,921	2,819,921	
Prior Year Encumbrances Appropriated	77,937	77,937	77,937	
<b>Fund Balance at End of Year</b>	<b>\$ 1,224,907</b>	<b>\$ 1,217,188</b>	<b>\$ 2,900,463</b>	<b>\$ 1,683,275</b>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<u>Agency Fund</u>
<b>Assets:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>21,647</u>
Total Assets	<u>21,647</u>
<b>Liabilities:</b>	
Current Liabilities:	
Undistributed Monies	<u>21,647</u>
Total Liabilities	\$ <u><u>21,647</u></u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Edon Northwest Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Edon Northwest Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's two instructional/support facilities staffed by 26 non-certified and 47 certified full-time teaching personnel who provide services to 670 students and other community members.

**The 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 District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with eight organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwest Ohio Educational Research Council, Inc., the Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Regional Professional Development Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General fund, Bond Retirement fund, and the Classroom Facilities fund are the District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Classroom Facilities Fund - The Classroom Facilities fund is used to account for the revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the District consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

**C. Measurement Focus**

Government-Wide Financial Statements

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

Fund Financial Statements

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

**D. Basis of Accounting**

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



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or 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 fiscal year end.

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

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

Deferred Revenue

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

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

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

Expenditures/Expenses

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the object level within the General fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by the Board of Education.

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

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2007, investments were limited to federal agency securities and STAR Ohio. Investments in federal agency securities are reported at fair value which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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, 2007.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$162,181 and \$68,263, which were assigned from other District funds.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**G. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased. Inventories in governmental funds consist of expendable supplies held for consumption, donated foods, and purchased foods.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

**I. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

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 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 District's termination policy.

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

For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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

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

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

**K. Net Assets**

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

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

**L. Prepaid Items**

Certain payments to vendors reflect the cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year for which services are consumed.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**M. Fund Balance Reserves**

The 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, inventory, prepaids, and property taxes.

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

**N. Interfund Assets/Liabilities**

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

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

**O. 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.

**P. Pass-Through Grants**

The Special Education Preschool Grant special revenue fund is a pass-through grant in which the Northwest Ohio Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**3. ACCOUNTABILITY**

The Management Information System and Special Education Grants to States funds had deficit fund balances of \$20 and \$305, respectively, at June 30, 2007. These fund balances complied with Ohio state law which does not permit a cash basis deficit fund balance at year-end. The General fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General fund.

<b>Net Change in Fund Balance Major Governmental Funds</b>	
	<b>General</b>
GAAP Basis	\$27,492
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2006, Received in Cash FY 2007	84,834
Accrued FY 2007, Not Yet Received in Cash	(105,694)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(488,025)
Accrued FY 2006, Not Yet Paid in Cash	517,174
Change in Fair Value of Investments	(27,049)
Encumbrances Outstanding at Year End (Budget Basis)	(6,127)
Budget Basis	\$2,605

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**5. DEPOSITS AND INVESTMENTS – (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

At year end, the District had \$100 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Investments

As of June 30, 2007, the District had the following investments and maturities:

	<u>Balance at Fair Value</u>	<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>24 to 30 Months</u>
Federal Home Loan Bank (FHLB)	\$1,447,391	\$299,906	\$449,344	\$698,141	
Federal National Mortgage Association (FNMA)	224,641			124,922	\$99,719
Federal National Mortgage Association (FNMA) Discount Notes	149,475	149,475			
Total Investments	<u>\$1,821,507</u>	<u>\$449,381</u>	<u>\$449,344</u>	<u>\$823,063</u>	<u>\$99,719</u>

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk – The following investments carry the highest ratings by Moody’s and Standard and Poor’s:

<u>Investment Type</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Federal Home Loan Bank (FHLB) Bonds	Aaa	AAA
Federal National Mortgage Association (FNMA)	P-1	A-1+
Federal National Mortgage Association (FNMA) Discount Notes	P-1	A-1+
United States Treasury Money Market Fund	Aaa	AAAm
Star Ohio		AAAm

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**5. DEPOSITS AND INVESTMENTS – (Continued)**

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**6. PROPERTY TAXES**

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

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

Public utility real and tangible personal property taxes for 2007 were levied after April 1, 2006, on the assessed values as of December 31, 2005, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes for 2007 were levied after April 1, 2006, on the value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**6. PROPERTY TAXES – (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2007 operations. For the governmental fund financial statements, 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 was recognized as revenue.

The amount available as an advance at June 30, 2007, was \$99,008 in the General fund, \$17,370 in the Bond Retirement fund, \$8,685 in the Permanent Improvement fund, and \$1,737 in the Classroom Maintenance fund. The amount available as an advance at June 30, 2006, was \$83,284 in the General fund, \$14,611 in the Bond Retirement fund, \$7,306 in the Permanent Improvement fund, and \$1,461 in the Classroom Maintenance fund.

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

	<b>2006 Second- Half Collections</b>		<b>2007 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$45,538,850	72%	\$51,388,750	77%
Industrial/Commercial	4,931,620	8%	6,121,110	9%
Public Utility	2,568,190	4%	2,640,290	4%
Tangible Personal	10,017,330	16%	6,568,230	10%
Total Assessed Value	<u>\$63,055,990</u>	<u>100%</u>	<u>\$66,718,380</u>	<u>100%</u>
Tax Rate per \$1,000 of assessed valuation	\$49.10		\$48.85	

**7. RECEIVABLES**

Receivables at June 30, 2007, consisted of property, accounts (rent and student fees), and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
General Fund	\$5,498
Food Service Fund	10,183
Special Education Grants to States Fund	6,244
Title I Grants to Local Education Agencies Fund	32,880
Safe and Drug Free Schools and Communities State Grants Fund	469
Title II-A Fund	<u>5,062</u>
Total Intergovernmental Receivables	<u>\$60,336</u>

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**8. CAPITAL ASSETS**

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

	Balance at 06/30/06	Additions	Reductions	Transfers	Balance at 06/30/07
Governmental Activities:					
Nondepreciable Capital Assets:					
Land	\$248,018				\$248,018
Total Non-Depreciable Assets	248,018				248,018
Depreciable Capital Assets:					
Land Improvements		\$33,919		\$362,755	396,674
Building and Building Improvements	18,221,652	133,106			18,354,758
Furniture, Fixtures, and Equipment	1,517,687	83,147	(\$21,384)	(362,755)	1,216,695
Vehicles	970,262	93,066	(54,553)		1,008,775
Total Depreciable Capital Assets	20,709,601	343,238	(75,937)		20,976,902
Less Accumulated Depreciation:					
Land Improvements					
Building and Building Improvements	(809,301)	(380,864)		(222,489)	(1,190,165)
Furniture, Fixtures, and Equipment	(822,978)	(146,426)	11,083	222,489	(958,321)
Vehicles	(667,274)	(78,092)	54,553		(690,813)
Total Accumulated Depreciation	(2,299,553)	(605,382)	65,636		(2,839,299)
Depreciable Capital Assets, Net	18,410,048	(262,144)	(10,301)		18,137,603
Governmental Activities Capital Assets, Net	\$18,658,066	(\$262,144)	(\$10,301)		\$18,385,621

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$210,900
Special	12,395
Vocational	26,032
Support Services:	
Pupil	19,221
Instructional Staff	54,466
Administration	17,114
Fiscal	4,682
Business	5,285
Operation and Maintenance of Plant	51,602
Pupil Transportation	63,571
Non-Instructional Services	63,922
Extracurricular Activities	76,192
Total Depreciation Expense	<u>\$605,382</u>

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**9. RISK MANAGEMENT**

**A. Employee Insurance Benefits Program**

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

**B. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 16). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**C. Comprehensive**

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 90 percent coinsured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage's from last year.

**10. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**10. DEFINED PENSION BENEFIT PLANS – (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of the plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$104,515, \$101,157, and \$93,116 respectively; 72 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**10. DEFINED PENSION BENEFIT PLANS – (Continued)**

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$360,518, \$351,604, and \$338,359 respectively; 87 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**11. POST EMPLOYMENT BENEFITS**

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$27,732.

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

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

After the allocation of basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries.

For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$44,367.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available) were \$158,751,207. At June 30, 2006, SERS has net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**12. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Eleven employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of their accumulated sick leave balance, which cannot exceed 210 days. The maximum payout is 63 days.

**13. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2007, the following changes occurred in obligations reported in the Government-Wide Financial Statements:

	Balance at 06/30/06	Additions	Deductions	Balance at 06/30/07	Due Within One Year
General Obligation Bonds, Series 1997:					
Serial - 4% - 5.1%	\$ 70,000		\$ 35,000	\$ 35,000	\$ 35,000
Term - 5.35% - 6%	700,000			700,000	
Total G.O.B, Series 1997	<u>770,000</u>		<u>35,000</u>	<u>735,000</u>	<u>35,000</u>
General Obligation Bonds, Series 2001					
Serial - 3% - 4%	735,000		110,000	625,000	115,000
Serial - 5.25% - 5.5%	2,450,000		2,450,000		
Total G.O.B, Series 2001	<u>3,185,000</u>		<u>2,560,000</u>	<u>625,000</u>	<u>115,000</u>
General Obligation Bonds, Series 2006					
Current Interest Bonds		2,385,000	165,000	2,220,000	90,000
Capital Appreciation Bonds		<u>65,000</u>		<u>65,000</u>	
Total G.O.B, Series 2006		<u>2,450,000</u>	<u>165,000</u>	<u>2,285,000</u>	<u>90,000</u>
Compensated Absences	<u>451,825</u>		<u>8,336</u>	<u>443,489</u>	
Total Long-Term Obligations	<u>\$ 4,406,825</u>	<u>\$ 2,450,000</u>	<u>\$ 2,768,336</u>	<u>\$ 4,088,489</u>	<u>\$ 240,000</u>

Debt outstanding at June 30, 2007 consisted of 1997 general obligation bonds totaling \$735,000; 2001 general obligations bonds totaling \$625,000; and 2006 general obligation bonds totaling \$2,285,000. The 1997 bonds were issued in August 1997 and will mature in December 2019. The 2001 bonds were issued in October 2001. The general obligation bonds were issued in August 2006 and will mature in December 2024. A substantial portion of these outstanding bonds were refunded in August 2006. The remaining bonds from the 2001 issuance will mature in December 2011.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**13. LONG-TERM OBLIGATIONS – (Continued)**

**School Improvement Bonds – 1997**

The District issued \$950,000 in voted general obligation bonds to finance the construction of an addition to the former Edon building. The bonds were issued on April 12, 1997. The bond issued included \$250,000 in serial bonds and \$700,000 in term bonds. The bonds will be retired with a voted property tax levy from the Bond Retirement fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$35,000	5.10%

The term bonds maturing on December 1, 2019, are subject to mandatory sinking fund redemption in part by lot and are redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable mandatory redemption dates and in the principal amounts payable on those dates set forth in the Certificate of Award.

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$225,000	5.35%
2019	475,000	6.00%

**School Improvement Bonds – 2001**

The District issued \$3,600,000 in voted general obligation bonds for the purpose of constructing, renovation, and improving existing school facilities and related site development. The bonds were issued on October 15, 2001. The bond issued included \$1,150,000 in serial bonds and \$2,450,000 in term bonds. The bonds will be retired with a voted property tax levy from the Bond Retirement fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$115,000	3.50%
2008	120,000	3.70%
2009	125,000	4.00%
2010	130,000	4.00%
2011	135,000	4.00%

The term bonds were redeemed with the proceeds from the advance refunding bond issue in August 2006.



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**13. LONG-TERM OBLIGATIONS – (Continued)**

**School Improvement Bonds – 2006**

The District issued \$2,450,000 in general obligation bonds for the purpose advance refunding of the School Improvement Bonds – 2001 term bonds. The bonds were issued on August 22, 2006. The bond issue included \$300,000 in serial bonds, \$2,085,000 in term bonds, and \$65,000 in capital appreciation bonds. The bonds will be retired with a voted property tax levy from the Debt Service fund

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$135,000	4.00%

The current interest term bonds which mature on December 1, 2008, December 1, 2012, December 1, 2015, December 1, 2020, December 1, 2022, and December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest, to the date of redemption, on the applicable mandatory redemption dates in the principal amounts payable on those dates set forth in the Certificate of Award.

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$165,000	4.00%
2008	170,000	3.65%
2012	295,000	3.70%
2015	290,000	4.00%
2020	400,000	4.00%
2022	450,000	4.125%
2024	480,000	4.125%

The capital appreciation bonds were issued in the aggregate original principal amount of \$65,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Accreted Value at Maturity</u>
2016	\$25,000	\$165,000
2017	20,000	170,000
2018	20,000	175,000

The value of the capital appreciation bonds reported at June 30, 2007 was \$65,000. The annual accretion of interest is based on the straight-line method. No accreted interest has been included in the value. The bonds are being retired through the Bond Retirement fund.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**13. LONG-TERM OBLIGATIONS – (Continued)**

Total expenditures for interest toward the school improvement bonds for the period ended June 30, 2007, was \$139,306.

The scheduled payments of principal and interest on debt outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 240,000	\$ 150,322	\$ 390,322
2009	240,000	141,025	381,025
2010	245,000	131,225	376,225
2011	265,000	120,707	385,707
2012	190,000	111,107	301,107
2013-2017	881,250	536,219	1,417,469
2018-2022	878,750	502,399	1,381,149
2023-2025	705,000	44,653	749,653
Total	<u>\$ 3,645,000</u>	<u>\$ 1,737,657</u>	<u>\$ 5,382,657</u>

**14. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The 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.

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

	Textbooks	Capital Acquisition	Totals
Set-Aside Cash Balance as of June 30, 2006	(\$20,300)		(\$20,300)
Current year Set-Aside Requirements	98,969	\$98,969	197,938
Current Year Offsets		(141,173)	(141,173)
Qualifying Disbursements	(84,158)		(84,158)
Total	<u>(\$5,489)</u>	<u>(\$42,204)</u>	<u>(\$47,693)</u>
Cash Balance Carried Forward to FY 2008	<u>(\$5,489)</u>		<u>(\$5,489)</u>

Although the District had offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts for capital acquisition are not presented as being carried forward to the next fiscal year.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**15. JOINTLY GOVERNED ORGANIZATIONS**

**A. 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 (NBEC) and its participating members. Total disbursements made by the District to NBEC during fiscal year 2007 were \$34,228. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. 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, and Williams 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. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**C. Four County Career Center**

The Four County Career Center 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 educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city districts; one representative from each of the exempted village districts; and one additional representative from Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. No payments were made by the District to the Four County Career Center. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**15. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

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

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

**F. Northwest Ohio Regional Professional Development Center**

The Northwest Ohio Regional Professional Development Center (RPDC) is a jointly governed organization among the school districts in Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood counties. The RPDC focuses on the implementation of academic content standards and the deployment of State initiatives. All activities reflect definition of high quality professional development, including job-embedded, connected to strategic goals, sustained, intensive skill building, and measurement of impact on student learning. The Center is governed by a fifteen member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Regional Professional Development Center, 414 Emerald Street, 2<sup>nd</sup> Floor, Toledo, Ohio 43602.

**16. GROUP PURCHASING POOLS**

**A. NBEC Employee Insurance Benefits Program**

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NBEC for employee insurance benefits during fiscal year ending June 30, 2007 were \$544,141. Financial information can be obtained from Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**16. GROUP PURCHASING POOLS – (Continued)**

**B. NBEC Workers' Compensation Group Rating Plan**

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. During fiscal year ending June 30, 2007, the District paid an enrollment fee of \$645 to the WCGRP to cover the costs of administering the program.

**17. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

**B. Litigation**

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

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Edon Northwest Local School District  
Williams County  
802 West Indiana Street  
Edon, Ohio 43518-9627

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edon Northwest Local School District, Williams County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

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

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

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

**Mary Taylor, CPA**  
Auditor of State

February 21, 2008





**Mary Taylor, CPA**  
Auditor of State

**EDON NORTHWEST LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 18, 2008**