

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

*BASIC FINANCIAL STATEMENTS
(AUDITED)*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2007*

RYAN LOCKWOOD, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Gibsonburg Exempted Village School District
301 South Sunset Avenue
Gibsonburg, Ohio 43431

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 9, 2008

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**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

Board of Education
Gibsonburg Exempted Village School District
301 South Sunset Avenue
Gibsonburg, Ohio 43431-1256

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2007 on our consideration of the Gibsonburg Exempted Village School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 15, 2007

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The management's discussion and analysis of the Gibsonburg Exempted Village School District's (the "District") financial performance 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities decreased \$1,255,248 which represents a 5.15% decrease from 2006.
- General revenues accounted for \$8,094,487 in revenue or 82.02% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,774,807 or 17.98% of total revenues of \$9,869,294.
- The District had \$11,124,542 in expenses related to governmental activities; \$1,774,807 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,094,487 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$7,797,282 in revenues and \$8,613,566 in expenditures. The general fund's fund balance decreased \$816,284 from a balance of \$3,001,870 to \$2,185,586.
- The District's other major governmental fund is the debt service fund. The debt service fund had \$668,118 in revenues and \$527,229 in expenditures. The debt service fund's fund balance increased \$140,889 from \$794,713 to \$935,602.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *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 the next 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 one column. In the case of the District, the general fund is by far the most significant fund, and is reported as a major fund. The other major fund is the debt service fund.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change 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 Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the debt service fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-47 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for fiscal years 2007 and 2006.

	Net Assets	
	Governmental Activities 2007	Governmental Activities 2006
<u>Assets</u>		
Current and other assets	\$ 8,078,018	\$ 8,219,076
Capital assets, net	<u>24,408,558</u>	<u>25,227,638</u>
Total assets	<u>32,486,576</u>	<u>33,446,714</u>
<u>Liabilities</u>		
Current liabilities	3,374,777	3,136,360
Long-term liabilities	<u>6,003,779</u>	<u>5,947,086</u>
Total liabilities	<u>9,378,556</u>	<u>9,083,446</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	19,307,562	19,851,642
Restricted	1,996,989	1,971,016
Unrestricted	<u>1,803,469</u>	<u>2,540,610</u>
Total net assets	<u>\$ 23,108,020</u>	<u>\$ 24,363,268</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$23,108,020. Of this total, \$1,803,469 is unrestricted in use.

At year-end, capital assets represented 75.13% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$19,307,562. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

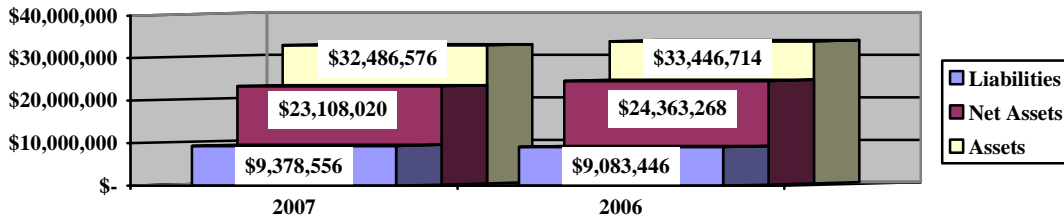
**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

A portion of the District's net assets, \$1,996,989, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,803,469 may be used to meet the District's ongoing obligations to the students and creditors.

The table below provides a summary of the District's net assets for 2007 and 2006:

Governmental Activities



The table below shows the change in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 553,774	\$ 443,230
Operating grants and contributions	1,208,476	866,761
Capital grants and contributions	12,557	20,596
General revenues:		
Property taxes	2,494,726	2,354,552
Grants and entitlements	5,274,269	5,714,476
Investment earnings	279,363	234,064
Other	<u>46,129</u>	<u>29,774</u>
Total revenues	<u>9,869,294</u>	<u>9,663,453</u>

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,276,205	\$ 5,036,028
Special	844,663	740,471
Vocational	155,575	169,577
Other	51,321	20,974
Support services:		
Pupil	403,954	406,175
Instructional staff	180,677	251,835
Board of education	76,308	88,980
Administration	1,007,582	983,771
Fiscal	287,057	221,744
Business	6,702	6,173
Operations and maintenance	1,125,433	1,155,135
Pupil transportation	459,921	397,480
Central	5,559	20,795
Operations of non-instructional services	96,426	106,990
Food service operations	508,039	516,288
Extracurricular activities	373,362	299,010
Interest and fiscal charges	<u>265,758</u>	<u>274,281</u>
Total expenses	<u>11,124,542</u>	<u>10,695,707</u>
Change in net assets	<u>(1,255,248)</u>	<u>(1,032,254)</u>
Beginning Balance	<u>24,363,268</u>	<u>25,395,522</u>
Ending Balance	<u>\$ 23,108,020</u>	<u>\$ 24,363,268</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$1,255,248. Total governmental expenses of \$11,124,542 were offset by program revenues of \$1,774,807 and general revenues of \$8,094,487. Program revenues supported 15.95% of the total governmental expenses.

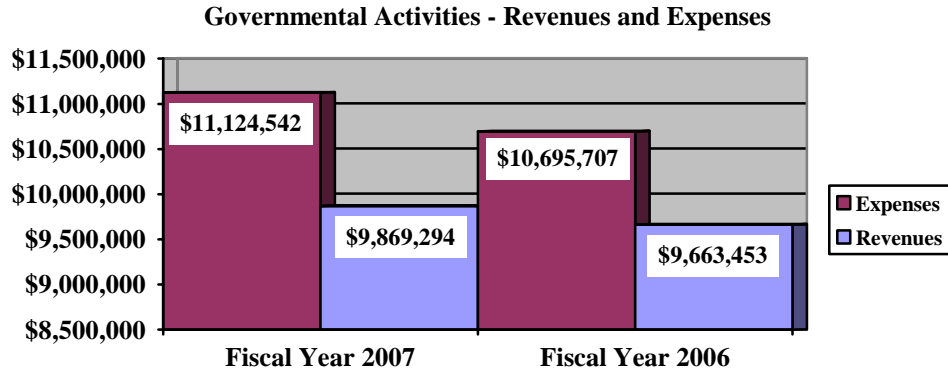
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 78.72% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,327,764 or 56.88% of total governmental expenses for fiscal 2007.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2007 and 2006.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

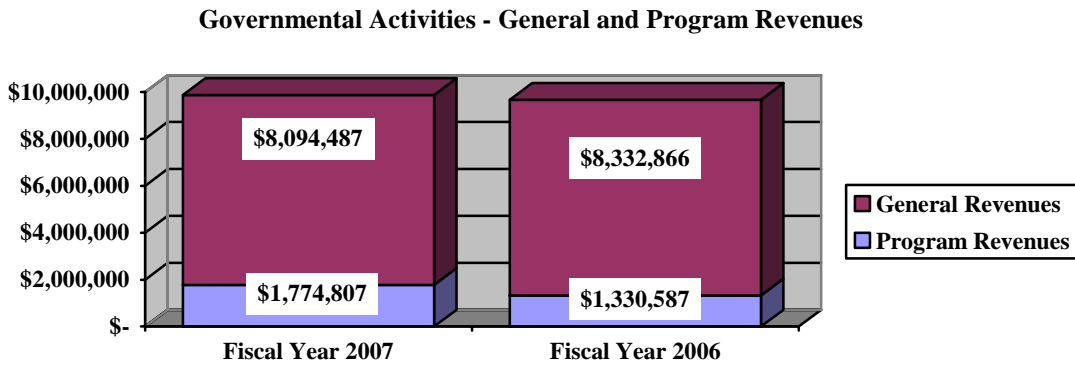
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses:				
Instruction:				
Regular	\$ 5,276,205	\$ 5,020,703	\$ 5,036,028	\$ 4,876,848
Special	844,663	89,486	740,471	265,072
Vocational	155,575	121,191	169,577	169,577
Other	51,321	(7,252)	20,974	(3,292)
Support services:				
Pupil	403,954	387,972	406,175	349,972
Instructional staff	180,677	150,906	251,835	227,202
Board of Education	76,308	76,308	88,980	88,980
Administration	1,007,582	987,374	983,771	979,469
Fiscal	287,057	287,001	221,744	217,695
Business	6,702	6,702	6,173	6,173
Operations and maintenance	1,125,433	1,112,435	1,155,135	1,141,671
Pupil transportation	459,921	435,574	397,480	373,595
Central	5,559	2,859	20,795	17,595
Operation of non-instructional services	96,426	88,527	106,990	92,314
Food service operations	508,039	88,758	516,288	115,676
Extracurricular activities	373,362	235,433	299,010	172,292
Interest and fiscal charges	265,758	265,758	274,281	274,281
Total expenses	<u>\$ 11,124,542</u>	<u>\$ 9,349,735</u>	<u>\$ 10,695,707</u>	<u>\$ 9,365,120</u>

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 82.56% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.05%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2007 and 2006.



The District's Funds

The District's governmental funds reported a combined fund balance of \$4,224,606, which is lower than last year's total of \$4,932,807. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance <u>June 30, 2006</u>	Increase <u>Decrease)</u>	Percentage <u>Change</u>
General	\$ 2,185,586	\$ 3,001,870	\$ (816,284)	(27.19) %
Debt Service	935,602	794,713	140,889	17.73 %
Other Governmental	<u>1,103,418</u>	<u>1,136,224</u>	<u>(32,806)</u>	(2.89) %
Total	<u>\$ 4,224,606</u>	<u>\$ 4,932,807</u>	<u>\$ (708,201)</u>	(14.36) %

General Fund

The District's general fund's fund balance decreased \$816,284. The decrease in fund balance can be attributed to expenditures increasing faster than revenues. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	2007 <u>Amount</u>	2006 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 1,868,242	\$ 1,757,979	\$ 110,263	6.27 %
Tuition	135,349	41,274	94,075	227.93 %
Earnings on investments	197,190	168,826	28,364	16.80 %
Intergovernmental	5,550,463	5,655,580	(105,117)	(1.86) %
Other revenues	<u>46,038</u>	<u>28,312</u>	<u>17,726</u>	62.61 %
Total	<u>\$ 7,797,282</u>	<u>\$ 7,651,971</u>	<u>\$ 145,311</u>	1.90 %
<u>Expenditures</u>				
Instruction	\$ 5,108,713	\$ 4,675,895	\$ 432,818	9.26 %
Support services	3,190,259	3,134,032	56,227	1.79 %
Non-instructional services	89,191	94,739	(5,548)	(5.86) %
Extracurricular activities	<u>225,403</u>	<u>170,076</u>	<u>55,327</u>	32.53 %
Total	<u>\$ 8,613,566</u>	<u>\$ 8,074,742</u>	<u>\$ 538,824</u>	6.67 %

The most significant change in revenues occurred in tuition and other revenues. Tuition increased by 227.93% due to a multitude of things. First, the district added a tuition-based Virtual Summer Learning Academy in fiscal year 2007. The District also saw an increased enrollment in its tuition-based preschool enrollment by approximately ten students. Third, the number of open enrollment students increased in fiscal year 2007, which also brought a rise in tuition. Finally, there was an accounting practice change that re-classified how open enrollment tuition from the state foundation was posted.

The 62.61% increase in other revenues though a large percentage is immaterial when the dollar amount is compared to total revenues. During fiscal year 2007, the District saw an increase in the expiration of maturities and subsequently payments of interest. The District also noticed an increase due to increased interest rates on investments during that time period.

Overall, expenditures increased 6.67%. The most significant change was in extracurricular activities. Extracurricular activities increased 32.53% due to increased expenditures in athletics and student managed activities. On the athletic side, the District purchased new equipment for its football program in fiscal year 2007. This new equipment increased expenditures by approximately \$10,000. The District's athletic department also saw increased expenditures of approximately \$15,000 in the District's items for resale account. Third, the District recognized an increased cost to officiate athletic contests increased by approximately \$500 per sport. On the student activities side, the major expenditure increases came on the part of the supplies for the Class of 2008. In FY 2007, the class decided to hold a more extravagant prom that increased expenditures by approximately \$10,000 from the previous year. The District's Future Farmers of America chapter also saw an increase in the cost of its supplies by approximately \$5,000. Please keep in mind that extracurricular activities are set up to be self-sufficient funds.

Debt Service Fund

The debt service fund had \$668,118 in revenues and \$527,229 in expenditures. The debt service fund's fund balance increased from \$794,713 to \$935,602.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

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 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,970,996 and final budgeted revenues and other financing sources were \$8,171,207. Actual revenues and other financing sources for fiscal 2007 were \$8,213,834. This represents a \$242,838 increase over original budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$9,696,514 and final appropriations were \$9,991,128. The actual budget basis expenditures for fiscal year 2007 totaled \$8,562,484, which was \$1,428,644 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$24,408,558 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles and construction in progress (net of depreciation). This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2007	2006
Land	\$ 759,542	\$ 759,542
Land improvements	1,910,052	2,036,740
Building and improvements	20,369,176	20,951,163
Furniture and equipment	973,846	1,157,835
Vehicles	208,077	272,732
Construction in progress	187,865	49,626
 Total	 \$ 24,408,558	 \$ 25,227,638

The overall decrease in capital assets of \$819,080 is due to depreciation expense of \$980,708 being greater than capital assets additions of \$161,628 during 2007.

Debt Administration

At June 30, 2007, the District had \$320,308 in capital appreciation bonds and accreted interest, \$4,515,000 in current interest bonds and \$392,000 in a lease purchase agreement outstanding. Of this total, \$280,000 is due within one year and \$4,947,308 is due in greater than one year. See Note 9 to the basic financial statements for additional information. The following table summarizes the bonds and loans outstanding.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Outstanding Debt, at Year End

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Capital appreciation bonds and accreted interest	\$ 320,308	\$ 294,477
Current interest bonds	4,515,000	4,725,000
Lease purchase agreement	<u>392,000</u>	<u>457,000</u>
Total	<u>\$ 5,227,308</u>	<u>\$ 5,476,477</u>

At June 30, 2007, the District's overall legal debt margin was \$4,537,593 and an unvoted debt margin of \$92,344.

Current Financial Related Activities

The District continues to maintain a high standard of service to our students, parents and the community of Gibsonburg.

The District has a stable financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The budgeting and internal controls utilized by the District are well regarded by the Auditor of State, as exemplified by the unqualified audit opinions that have been received.

The District has communicated to its community they rely upon their support for the major part of its operations, and will continue to work diligently to plan expenses, staying carefully within the District's five-year financial plan. The support of the community was last measured in November 2000 when the voters approved a 6.8 mill levy for new/renovated facilities with the Ohio School Facilities Commission. The District built a new 114,000 square foot middle/high school and completely renovated and doubled the size of the elementary school. Prior to that, the last operating levy was passed in November 1994 for 7.5 mills for a continuing period of time.

All of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the Board and administrative team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years, operating within the means of our budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information you can contact Ryan Lockwood at Gibsonburg Exempted Village School District, 301 S. Sunset Ave., Gibsonburg, Ohio 43431.

**BASIC
FINANCIAL STATEMENTS**

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,267,881
Receivables:	
Taxes	2,661,213
Accounts	54
Intergovernmental	122,087
Prepayments	18,805
Materials and supplies inventory	7,978
Capital assets:	
Land	759,542
Construction in progress	187,865
Depreciable capital assets, net	23,461,151
Capital assets, net	24,408,558
 Total assets	 32,486,576
 Liabilities:	
Accounts payable.	132,257
Accrued wages and benefits	773,488
Pension obligation payable.	225,245
Intergovernmental payable	21,900
Unearned revenue	2,206,845
Accrued interest payable	15,042
Long-term liabilities:	
Due within one year	634,989
Due in more than one year.	5,368,790
 Total liabilities.	 9,378,556
 Net Assets:	
Invested in capital assets, net of related debt.	19,307,562
Restricted for:	
Capital projects	557,241
Debt service.	951,247
Classroom facilities and maintenance.	252,744
State funded programs.	13,275
Federally funded programs	75,804
Student activities	59,569
Other purposes	87,109
Unrestricted.	1,803,469
 Total net assets	 \$ 23,108,020

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 5,276,205	\$ 180,445	\$ 75,057	\$ -	\$ (5,020,703)
Special.	844,663	-	755,177	-	(89,486)
Vocational.	155,575	-	34,384	-	(121,191)
Other	51,321	-	58,573	-	7,252
Support services:					
Pupil.	403,954	-	15,982	-	(387,972)
Instructional staff	180,677	-	29,771	-	(150,906)
Board of education	76,308	-	-	-	(76,308)
Administration.	1,007,582	-	20,208	-	(987,374)
Fiscal.	287,057	-	-	56	(287,001)
Business.	6,702	-	-	-	(6,702)
Operations and maintenance	1,125,433	-	12,416	582	(1,112,435)
Pupil transportation.	459,921	-	12,428	11,919	(435,574)
Central	5,559	-	2,700	-	(2,859)
Operation of non-instructional services.					
	96,426	-	7,899	-	(88,527)
Food service operations.	508,039	235,400	183,881	-	(88,758)
Extracurricular activities.	373,362	137,929	-	-	(235,433)
Interest and fiscal charges	265,758	-	-	-	(265,758)
Total governmental activities.	<u>\$ 11,124,542</u>	<u>\$ 553,774</u>	<u>\$ 1,208,476</u>	<u>\$ 12,557</u>	<u>(9,349,735)</u>

General Revenues:

Property taxes levied for:

General purposes	1,858,826
Special revenue	32,978
Debt service.	561,675
Capital projects	41,247
Grants and entitlements not restricted	
to specific programs.	5,274,269
Investment earnings	279,363
Miscellaneous	46,129
Total general revenues.	<u>8,094,487</u>
Change in net assets	(1,255,248)
Net assets at beginning of year.	<u>24,363,268</u>
Net assets at end of year	<u>\$ 23,108,020</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 3,220,687	\$ 865,815	\$ 1,094,270	\$ 5,180,772
Receivables:				
Taxes.	1,969,928	609,327	81,958	2,661,213
Accounts.	30	-	24	54
Intergovernmental.	-	-	122,087	122,087
Prepayments.	18,805	-	-	18,805
Materials and supplies inventory	-	-	7,978	7,978
Restricted assets:				
Equity in pooled cash and cash equivalents	87,109	-	-	87,109
Total assets	\$ 5,296,559	\$ 1,475,142	\$ 1,306,317	\$ 8,078,018
Liabilities:				
Accounts payable	\$ 129,680	\$ -	\$ 2,577	\$ 132,257
Accrued wages and benefits	687,513	-	85,975	773,488
Compensated absences payable	354,989	-	-	354,989
Pension obligation payable.	186,208	-	39,037	225,245
Intergovernmental payable.	19,082	-	2,818	21,900
Deferred revenue.	103,841	30,687	4,160	138,688
Unearned revenue.	1,629,660	508,853	68,332	2,206,845
Total liabilities	3,110,973	539,540	202,899	3,853,412
Fund Balances:				
Reserved for encumbrances	27,111	-	9,045	36,156
Reserved for materials and supplies inventory.	-	-	7,978	7,978
Reserved for prepayments	18,805	-	-	18,805
Reserved for property tax unavailable for appropriation	236,427	69,787	9,466	315,680
Reserved for capital acquisition	5,711	-	-	5,711
Reserved for budget stabilization	29,274	-	-	29,274
Reserved for bus purchase.	52,124	-	-	52,124
Reserved for debt service	-	865,815	-	865,815
Unreserved, undesignated, reported in:				
General fund	1,816,134	-	-	1,816,134
Special revenue funds.	-	-	527,413	527,413
Capital projects funds.	-	-	549,516	549,516
Total fund balances	2,185,586	935,602	1,103,418	4,224,606
Total liabilities and fund balances	\$ 5,296,559	\$ 1,475,142	\$ 1,306,317	\$ 8,078,018

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$	4,224,606
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			24,408,558
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	138,688	
Total			138,688
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(15,042)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(421,482)	
Lease purchase payable		(392,000)	
General obligation bonds payable		(4,835,308)	
Total			(5,648,790)
Net assets of governmental activities		\$	23,108,020

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 1,868,242	\$ 563,359	\$ 74,399	\$ 2,506,000
Tuition.	135,349	-	-	135,349
Charges for services.	-	-	235,400	235,400
Earnings on investments.	197,190	44,199	37,974	279,363
Extracurricular.	-	-	134,864	134,864
Classroom materials and fees.	-	-	45,187	45,187
Other local revenues.	46,038	-	3,214	49,252
Intergovernmental - State.	5,550,001	60,560	224,865	5,835,426
Intergovernmental - Federal	462	-	676,184	676,646
Total revenue	<u>7,797,282</u>	<u>668,118</u>	<u>1,432,087</u>	<u>9,897,487</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,537,418	-	158,067	4,695,485
Special.	429,083	-	402,849	831,932
Vocational.	142,212	-	-	142,212
Other.	-	-	51,321	51,321
Support services:				
Pupil.	391,465	-	10,643	402,108
Instructional staff	162,288	-	21,993	184,281
Board of education	76,308	-	-	76,308
Administration.	950,814	-	16,050	966,864
Fiscal	274,712	10,372	1,673	286,757
Business	6,702	-	-	6,702
Operations and maintenance.	1,003,830	-	22,481	1,026,311
Pupil transportation	322,188	-	71,699	393,887
Central.	1,952	-	3,607	5,559
Food service operations	-	-	428,481	428,481
Other non-instructional services.	89,191	-	7,235	96,426
Extracurricular activities.	225,403	-	133,013	358,416
Facilities acquisition and construction	-	-	135,781	135,781
Debt service:				
Principal retirement	-	275,000	-	275,000
Interest and fiscal charges	-	241,857	-	241,857
Total expenditures	<u>8,613,566</u>	<u>527,229</u>	<u>1,464,893</u>	<u>10,605,688</u>
Net change in fund balances	(816,284)	140,889	(32,806)	(708,201)
Fund balances at beginning of year	<u>3,001,870</u>	<u>794,713</u>	<u>1,136,224</u>	<u>4,932,807</u>
Fund balances at end of year	<u>\$ 2,185,586</u>	<u>\$ 935,602</u>	<u>\$ 1,103,418</u>	<u>\$ 4,224,606</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds \$ (708,201)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeds capital outlay in the current period.

Capital asset additions	\$	161,628	
Current year depreciation		<u>(980,708)</u>	(819,080)

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

Delinquent property taxes		(11,274)	
Intergovernmental		<u>(16,919)</u>	(28,193)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 275,000

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds. (23,901)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 49,127

Change in net assets of governmental activities \$ (1,255,248)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Taxes	\$ 1,895,079	\$ 1,869,555	\$ 1,952,812	\$ 83,257
Tuition.	131,629	123,480	135,639	12,159
Earnings on investments.	191,360	169,190	197,190	28,000
Other local revenues	42,607	18,000	43,905	25,905
Intergovernmental - State	5,385,918	5,765,982	5,550,001	(215,981)
Intergovernmental - Federal.	448	-	462	462
Total revenue	<u>7,647,041</u>	<u>7,946,207</u>	<u>7,880,009</u>	<u>(66,198)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,874,631	4,562,722	4,304,532	258,190
Special.	409,572	456,966	361,672	95,294
Vocational.	154,279	140,914	136,236	4,678
Support services:				
Pupil.	435,328	396,439	384,415	12,024
Instructional staff	201,981	227,882	178,359	49,523
Board of education	85,247	102,279	75,277	27,002
Administration.	1,073,579	1,007,592	948,021	59,571
Fiscal	309,322	297,560	273,146	24,414
Business	7,590	8,522	6,702	1,820
Operations and maintenance.	1,174,552	1,862,754	1,037,185	825,569
Pupil transportation	368,745	330,538	325,620	4,918
Central.	3,948	4,450	3,486	964
Operation of non-instructional services	102,791	135,864	90,770	45,094
Extracurricular activities.	250,510	206,646	221,212	(14,566)
Total expenditures	<u>9,452,075</u>	<u>9,741,128</u>	<u>8,346,633</u>	<u>1,394,495</u>
Excess of revenues over (under) expenditures.	<u>(1,805,034)</u>	<u>(1,794,921)</u>	<u>(466,624)</u>	<u>1,328,297</u>
Other financing sources (uses):				
Refund of prior year expenditures.	8,645	-	8,908	8,908
Transfers in	209,469	225,000	215,851	(9,149)
Transfers (out)	(244,439)	(250,000)	(215,851)	34,149
Advances in.	103,712	-	106,872	106,872
Proceeds from sale of assets	2,129	-	2,194	2,194
Total other financing sources (uses)	<u>79,516</u>	<u>(25,000)</u>	<u>117,974</u>	<u>142,974</u>
Net change in fund balance	(1,725,518)	(1,819,921)	(348,650)	1,471,271
Fund balance at beginning of year.	3,135,418	3,135,418	3,135,418	-
Prior year encumbrances appropriated	363,085	363,085	363,085	-
Fund balance at end of year	<u>\$ 1,772,985</u>	<u>\$ 1,678,582</u>	<u>\$ 3,149,853</u>	<u>\$ 1,471,271</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 61,918	\$ 53,207
Total assets.	61,918	\$ 53,207
Liabilities:		
Accounts payable.	-	\$ 740
Due to students	-	52,467
Total liabilities	-	\$ 53,207
Net Assets:		
Held in trust for scholarships	61,918	
Total net assets	\$ 61,918	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 2,811
Gifts and contributions.	500
	3,311
Total additions and changes in net assets. . .	3,311
Deductions:	
Scholarships awarded	62
	3,249
Change in net assets	3,249
Net assets at beginning of year.	58,669
Net assets at end of year	\$ 61,918

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Gibsonburg Exempted Village School District (the "District") is located in Sandusky County, including all of the Village of Gibsonburg, Ohio and portions of surrounding townships.

The District is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District was originally chartered by the Ohio State Legislature. In 1853, state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code. The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District currently operates two elementary schools and one comprehensive high school. The District employs 40 non-certified and 89 certified (including administrative) full-time and part-time employees to provide services to approximately 1,121 students in grades K through 12 and various community groups, which ranks it 453rd out of approximately 876 public and community school districts in Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic 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. For the District, this includes general operations, food service and student related activities of the District.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, provide financial support to, the organization; or (4) 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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwestern Ohio Educational Research Council, Inc. (the "Council")

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

Bay Area Council of Governments (the "BACG")

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. Financial information is available from the Erie County Educational Service Center (fiscal agent), at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

Vanguard Sentinel Career Center (the "Career Center")

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. Financial information is available from Jay Valasek, Treasurer, 1306 Cedar St., Fremont, Ohio 43420.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors is the governing board of NOECA and is composed of two superintendents for each of the counties of Erie, Huron, Ottawa, Sandusky, Seneca, and Wood, one superintendent from Crawford County, and the fiscal agent superintendent. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870. The District paid \$60,980 to NOECA for various services during fiscal 2007.

PUBLIC ENTITY RISK POOLS

Workers' Compensation Plan

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school district pays an enrollment fee to the Plan to cover the costs of administering the program.

The San-Ott Schools Employee Welfare Benefit Association (the "Association")

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the association. All association revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Association, Jay Valasek, Treasurer of Vanguard-Sentinel Career Center, at 1306 Cedar Street, Fremont, Ohio 43420.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds payable.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds, and (b) for grants and other resources whose use is restricted to a particular purpose, and (c) for food service operations.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

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.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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 also use the accrual basis of accounting.

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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5).

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, interest, tuition, grants, student fees and rentals.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are 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.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2007 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination. The Sandusky County Commissioners waived this requirement for fiscal 2007.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificate of Estimated Resources issued for fiscal year 2007.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, first two digit function and first digit object level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of budgetary control.
5. Any revisions that alter the total of any fund, first two digit function and first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund, first two digit function and first digit object level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2007, the District invested in State Treasury Asset Reserve of Ohio (STAR Ohio). 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund, special revenue funds: District managed activity and food service, capital projects funds: permanent improvement, building and classroom facilities; debt service fund; and the private-purpose trust funds. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$197,190, which includes \$22,144 assigned from other funds.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the basic 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 are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The 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, 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. Bonds and loans are recognized as a liability on the fund financial statements when due.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. 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, materials and supplies inventory, prepayments, debt service, bus purchase, capital acquisition, budget stabilization and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Prepayments

Certain payments to vendors reflect the costs 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 in which services are consumed.

N. Estimates

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a budget stabilization reserve, capital acquisition reserve and bus purchase reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 15.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Interfund Activity

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 basic financial statements.

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 Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2007 the District had no extraordinary or special items.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Management Information Systems	\$ 5
DPIA	13
SchoolNet Professional	7
Ohio Reads	4
Miscellaneous State Grants	89
Title I	12,436
Title VI	6
Drug Free School Grant	14
Preschool	18
Reducing class size	301

These funds complied with the Ohio State law, which does not permit cash basis deficits. 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. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

B. Noncompliance

- i.* The District had appropriations exceeding resources at September 30, 2006 and June 30, 2007 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- ii.* The District had expenditures exceeding appropriations at fiscal year end and throughout the fiscal year in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At year-end, the District had \$3,175 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$4,554,972. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$4,390,067 of the District's bank balance of \$4,590,067 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 824,859	\$ 824,859
Total	<u>\$ 824,859</u>	<u>\$ 824,859</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio and AAAM money market rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 824,859	100.00
Total	<u>\$ 824,859</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 4,554,972
Investments	824,859
Cash on hand	<u>3,175</u>
Total	<u>\$ 5,383,006</u>
<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 5,267,881
Private-purpose trust fund	61,918
Agency funds	<u>53,207</u>
Total	<u>\$ 5,383,006</u>

NOTE 5 - PROPERTY TAXES

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

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

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAXES - (Continued)

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

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

The District receives property taxes from Sandusky 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 tax bills are sent.

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

The amount available as an advance at June 30, 2007 was \$236,427 in the general fund, \$69,787 in the debt service fund, \$5,145 in the permanent improvement capital projects fund (a nonmajor governmental fund) and \$4,321 in the classroom maintenance special revenue fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$320,996 in the general fund, \$91,716 in the debt service fund, \$6,892 in the permanent improvement capital projects fund (a nonmajor governmental fund) and \$5,392 in the classroom maintenance special revenue fund (a nonmajor governmental fund).

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

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAXES - (Continued)

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

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 79,290,360	91.74	\$ 88,928,110	93.72
Public utility personal	3,694,050	4.27	2,103,560	2.22
Tangible personal property	<u>3,442,606</u>	<u>3.99</u>	<u>3,851,640</u>	<u>4.06</u>
Total	<u>\$ 86,427,016</u>	<u>100.00</u>	<u>\$ 94,883,310</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$51.30		\$55.30	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. 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 receivables reported on the statement of net assets follows:

Governmental Activities:	
Taxes	\$ 2,661,213
Accounts	54
Intergovernmental	<u>122,087</u>
Total	<u>\$ 2,783,354</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 7 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 759,542	\$ -	\$ -	\$ 759,542
Construction in progress	<u>49,626</u>	<u>138,239</u>	<u>-</u>	<u>187,865</u>
Total capital assets, not being depreciated	<u>809,168</u>	<u>138,239</u>	<u>-</u>	<u>947,407</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,438,083	-	-	2,438,083
Buildings and improvements	23,265,813	-	-	23,265,813
Furniture and equipment	1,718,425	23,389	-	1,741,814
Vehicles	<u>674,675</u>	<u>-</u>	<u>-</u>	<u>674,675</u>
Total capital assets, being depreciated	<u>28,096,996</u>	<u>23,389</u>	<u>-</u>	<u>28,120,385</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(401,343)	(126,688)	-	(528,031)
Buildings and improvements	(2,314,650)	(581,987)	-	(2,896,637)
Furniture and equipment	(560,590)	(207,378)	-	(767,968)
Vehicles	<u>(401,943)</u>	<u>(64,655)</u>	<u>-</u>	<u>(466,598)</u>
Total accumulated depreciation	<u>(3,678,526)</u>	<u>(980,708)</u>	<u>-</u>	<u>(4,659,234)</u>
Governmental activities capital assets, net	<u>\$ 25,227,638</u>	<u>\$ (819,080)</u>	<u>\$ -</u>	<u>\$ 24,408,558</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 610,415
Special	25,794
Vocational	16,861

Support Services:

Pupil	524
Instructional Staff	12,884
Administration	39,535
Fiscal	300
Operations and maintenance	119,622
Pupil transportation	64,655
Food service operation	75,172
Extracurricular activities	<u>14,946</u>
Total depreciation expense	<u>\$ 980,708</u>

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 8 - LEASE-PURCHASE OBLIGATION

During fiscal 2005, the District entered into a lease-purchase agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the acquisition and construction of an athletic out-building. National City Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments is general operating revenue of the District. During fiscal year 2007, the District made \$65,000 in principal payments and \$20,034 in interest and administrative fees on the lease-purchase agreement.

A liability in the amount of the present value of minimum lease payments has been recorded in the government-wide financial statements.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2008	\$ 82,194
2009	79,354
2010	76,514
2011	73,672
2012 - 2013	<u>140,825</u>
Total minimum lease payments	452,559
Less amount representing interest	<u>(60,559)</u>
Total	<u>\$ 392,000</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/06</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/07</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 470,609	\$ 341,620	\$ (35,758)	\$ 776,471	\$ 354,989
General obligation bonds					
Current interest	4,725,000	-	(210,000)	4,515,000	215,000
Capital appreciation	193,996	-	-	193,996	-
Accreted interest	100,481	25,831	-	126,312	-
Lease-purchase obligation	<u>457,000</u>	<u>-</u>	<u>(65,000)</u>	<u>392,000</u>	<u>65,000</u>
Total long-term obligations, governmental activities	<u>\$ 5,947,086</u>	<u>\$ 367,451</u>	<u>\$ (310,758)</u>	<u>\$ 6,003,779</u>	<u>\$ 634,989</u>

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences - Compensated absences will be paid from the fund from which the employee is paid, which for the District is the general fund and the food service fund (a nonmajor governmental fund). Effective July 1, 2006, the District offered a retirement incentive. The incentive, if certain criteria is met, offers a one time payment of \$30,000 to be made on the first payroll in January of the calendar year following the year they officially retire. At June 30, 2007, the retirement incentive payable, included in compensated absences in the fund financials totaled \$210,000.

General Obligation Bonds: On June 1, 2001, the District issued \$5,778,996 in general obligation bonds (Series 2001, School Facilities Improvement Bonds), which represented the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as an expenditure in the debt service fund. The source of payment is derived from a current 7.00 (average) mill bonded debt tax levy.

In conjunction with the 7.00 mills which support the bond issue, the District also passed in fiscal 2001 a .5 mill levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the special revenue funds.

This issue is comprised of term current interest bonds, par value \$3,340,000, serial current interest bonds, par value \$2,245,000, and capital appreciation bonds, par value \$193,996. The capital appreciation bonds mature each December 1, 2012 and 2013, (effective interest rate 8.587%) at a redemption price equal to 100% of the principal. The accreted value at maturity for the capital appreciation bonds is \$530,000. Total accreted interest of \$126,312 has been included in the statement of net assets at June 30, 2007.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

- B.** Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 215,000	\$ 219,200	\$ 434,200	\$ -	\$ -	\$ -
2009	225,000	210,600	435,600	-	-	-
2010	235,000	201,262	436,262	-	-	-
2011	245,000	191,275	436,275	-	-	-
2012	255,000	180,618	435,618	-	-	-
2013 - 2017	835,000	805,850	1,640,850	530,000	-	530,000
2018 - 2022	1,705,000	473,852	2,178,852	-	-	-
2023 - 2024	800,000	62,058	862,058	-	-	-
Total	\$ 4,515,000	\$ 2,344,715	\$ 6,859,715	\$ 530,000	\$ -	\$ 530,000

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$4,537,593 (including available funds of \$935,602) and an unvoted debt margin of \$92,344.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2007, The District purchased from Securance Service Inc. (through the Indiana Insurance Company) for the following insurance coverage:

Building and Contents	\$ 31,540,253
Umbrella Liability:	
Per Occurrence	5,000,000
Aggregate	5,000,000
Commercial Liability:	
Per Occurrence	1,000,000
Aggregate	2,000,000
Auto Liability:	
Per Occurrence	1,000,000
Employee Benefits Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000
Sexual Misconduct and Molestation Liability	
Per Occurrence	1,000,000
Aggregate	1,000,000
Stop Gap Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000
School Leaders Errors and Omissions	
Per Occurrence	1,000,000
Aggregate	1,000,000

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 10 - RISK MANAGEMENT - (Continued)

Settled claims have not exceeded any of the above coverages in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2006.

B. Group Health Insurance

The District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association (Note 2.A.), whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120 percent of expected claims.

C. Workers' Compensation Plan

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

NOTE 11 - PENSION 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 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 11 - PENSION 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. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$104,769, \$111,228, and \$97,532, respectively; 46.50% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$56,052 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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 Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 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.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 11 - PENSION PLANS - (Continued)

For the fiscal year ended June 30, 2007, plan members were 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 years 2006 and 2005, the portion used to fund pension obligations was also 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.

The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$616,209, \$587,890, and \$565,623, respectively; 82.17% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$109,883 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$2,145 made by the District and \$2,175 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

STRS 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 costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS 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 Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$47,401 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from 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. The surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$53,488 to fund health care benefits, including the surcharge.

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 for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (348,650)
Net adjustment for revenue accruals	(82,727)
Net adjustment for expenditure accruals	(424,876)
Net adjustment for other sources/uses	(117,974)
Adjustment for encumbrances	<u>157,943</u>
GAAP basis	<u>\$ (816,284)</u>

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$30,841 per year. A portion of the refund may be recovered from additional State entitlement payments.

The District is involved in no other material litigation as either plaintiff or defendant.

NOTE 15 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 15 - STATUTORY RESERVES - (Continued)

	<u>Textbooks/ Instructional Supplies</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2006	\$ (39,523)	\$ -	\$ 29,274
Current year set-aside requirement	177,832	177,832	-
Current year offsets	-	(34,052)	-
Qualifying disbursements	<u>(165,460)</u>	<u>(138,069)</u>	<u>-</u>
 Total	 <u>\$ (27,151)</u>	 <u>\$ 5,711</u>	 <u>\$ 29,274</u>
 Cash balance carried forward to FY 2008	 <u>\$ (27,151)</u>	 <u>\$ 5,711</u>	 <u>\$ 29,274</u>

The District may carry the excess balance spent of \$27,151 for textbooks/instructional materials to fiscal year 2008.

In addition to the above statutory reserves, the District has \$52,124 in cash restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2007 follows:

Fund balance - reserved for capital acquisition	\$ 5,711
Fund balance - reserved for school bus purchases	52,124
Fund balance - reserved for budget stabilization	<u>29,274</u>
 Total restricted assets	 <u>\$ 87,109</u>

NOTE 16 - SUBSEQUENT EVENT

Effective July 9, 2007, Mr. Ryan Lockwood was hired as Treasurer of the District.

SUPPLEMENTARY DATA

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

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(B) Food Donation	10.550	N/A	\$ -	\$ 26,271	\$ -	\$ 26,271
Total Food Donation			<u>-</u>	<u>26,271</u>	<u>-</u>	<u>26,271</u>
Nutrition Cluster						
(C) (D) School Breakfast Program	10.553	045385-05PU-2006	870		870	
Total School Breakfast Program			<u>870</u>		<u>870</u>	
(C) (D) National School Lunch Program	10.555	045385-LLP4-2006	43,265		43,265	
(C) (D) National School Lunch Program	10.555	045385-LLP4-2007	87,750		87,750	
Total School Lunch Program			<u>131,015</u>		<u>131,015</u>	
Total Nutrition Cluster			<u>131,885</u>		<u>131,885</u>	
Total U.S. Department of Agriculture			<u>131,885</u>	<u>26,271</u>	<u>131,885</u>	<u>26,271</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies	84.010	045385-C1S1-2006	10,637		10,688	
Title I Grants to Local Educational Agencies	84.010	045385-C1S1-2007	105,121		102,640	
Total Title I Grants to Local Educational Agencies			<u>115,758</u>		<u>113,328</u>	
(E) Migrant Education State Grant Program	84.011	045385-MGS1-2002	(4,049)		-	
Migrant Education State Grant Program	84.011	045385-MGS1-2006	50,988		49,850	
Migrant Education State Grant Program	84.011	045385-MGS1-2007	20,527		7,612	
Total Migrant Education State Grant Program			<u>67,466</u>		<u>57,462</u>	
Special Education Cluster						
(F) Special Education Grants to States	84.027	045385-6BSF-2006	24,569		31,981	
(F) Special Education Grants to States	84.027	045385-6BSF-2007	197,915		182,474	
Total Special Education Grants to States			<u>222,484</u>		<u>214,455</u>	
(F) Special Education Preschool Grants	84.173	045385-PGS1-2007	4,956		4,956	
Total Special Education: Preschool Grants			<u>4,956</u>		<u>4,956</u>	
Total Special Education Cluster			<u>227,440</u>		<u>219,411</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	045385-DRS1-2007	3,928		3,928	
Total Safe and Drug-Free Schools and Communities State Grants			<u>3,928</u>		<u>3,928</u>	
State Grants for Innovative Programs	84.298	045385-C2S1-2007	1,580		1,580	
Total State Grants for Innovative Programs			<u>1,580</u>		<u>1,580</u>	
Education Technology State Grants	84.318	045385-TJS1-2007	960		760	
Total Education Technology State Grants			<u>960</u>		<u>760</u>	
English Language Acquisition Grants	84.365	045385-T3S1-2007	10,904		8,299	
Total English Language Acquisition Grants			<u>10,904</u>		<u>8,299</u>	
Improving Teacher Quality State Grants	84.367	045385-TRS1-2006	3,729		7,124	
Improving Teacher Quality State Grants	84.367	045385-TRS1-2007	50,565		42,171	
Total Improving Teacher Quality State Grants			<u>54,294</u>		<u>49,295</u>	
Total U.S. Department of Education			<u>482,330</u>		<u>454,063</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES						
Medical Assistance Program	93.778	N/A	462		462	
Total Medical Assistance Program			<u>462</u>		<u>462</u>	
Total U.S. Department of Human Services			<u>462</u>		<u>462</u>	
Total Federal Financial Assistance			<u>\$ 614,677</u>	<u>\$ 26,271</u>	<u>\$ 586,410</u>	<u>\$ 26,271</u>

(A) This schedule was prepared on the cash basis of accounting.
(B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(C) Included as part of "Nutrition Grant Cluster" in determining major programs.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) Amount \$4,049 repaid to the Ohio Department of Education based on expiration of period of availability.
(F) Included as part of "Special Education Grant Cluster" in determining major programs.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

Board of Education
Gibsonburg Exempted Village School District
301 South Sunset Avenue
Gibsonburg, Ohio 43431-1256

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gibsonburg Exempted Village School District as of and for the fiscal year ended June 30, 2007, which collectively comprise Gibsonburg Exempted Village School District's basic financial statements and have issued our report thereon dated November 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Gibsonburg Exempted Village School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Gibsonburg Exempted Village School District's financial statements that is more than inconsequential will not be prevented or detected by the Gibsonburg Exempted Village School District's internal control.

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

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

Board of Education
Gibsonburg Exempted Village School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gibsonburg Exempted Village School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-GEVSD-001, 2007-GEVSD-002, 2007-GEVSD-003 and 2007-GEVSD-004.

Gibsonburg Exempted Village School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Gibsonburg Exempted Village School District's responses and, accordingly, we express no opinion on them.

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

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

Julian & Grube, Inc.
November 15, 2007



Julian & Grube, Inc. *Serving Ohio Local Governments*

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

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

Board of Education
Gibsonburg Exempted Village School District
301 South Sunset Avenue
Gibsonburg, Ohio 43431-1256

Compliance

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

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

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

Internal Control Over Compliance

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

Board of Education
Gibsonburg Exempted Village School District

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

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
November 15, 2007

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-GEVSD-001

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed the total estimated resources.

Total appropriations exceeded total estimated resources at September 30, 2006 and June 30, 2007 in the following funds:

<u>June 30, 2007</u>		<u>Estimated</u>	
<u>Nonmajor Funds</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
Other Grant funds	\$ 872,006	\$ -	\$ 872,006
District Managed Student Activity Fund	184,053	172,106	11,947
Title I	124,814	115,905	8,909
Building Fund	357,318	314,720	42,598
Classroom Facilities	13,310	8,393	4,917
Food Service	460,914	423,493	37,421
<u>September 30, 2006</u>		<u>Estimated</u>	
<u>Nonmajor Funds</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
District Managed Student Activity Fund	\$ 178,928	\$ 158,726	\$ 20,202
School Net Professional Development	1,593	1,463	130
Title I	126,423	117,515	8,908
Building Fund	357,318	314,720	42,598
Classroom Facilities	13,383	8,393	4,990
Food Service	463,914	403,493	60,421

With appropriations exceeding estimated resources the District may spend more funds than in the Treasury or process of collection and cause fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget throughout the year and at year end. If it is determined that estimated revenues will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a continual basis.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-GEVSD-002

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the District Treasurer that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

It was noted during the year that the District did not request timely amended certificates throughout the year upon notice of increased or decreased resources.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the year and at fiscal year end.

We recommend that the District review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the District's appropriation process.

Client Response: The District is attempting to monitor fiscal budget more closely and to submit additional amendments for estimated resources more frequently throughout the fiscal year and at fiscal year end.

Finding Number	2007-GEVSD-003
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations

The District did not timely modify its appropriations throughout the fiscal year and at fiscal year end.

By not timely and properly modifying the District's appropriations, the District is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly result in fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary. We recommend that the Board adopt accounting policies for amending appropriations (and include these policies in the Board's accounting policies and procedures manual), consider reviewing estimated resources and appropriations and expenditures versus appropriations on a monthly basis, and certify amendments to the Board of Commissioners as necessary. We recommend the Board utilize its accounting software or a spreadsheet to help monitor the budget.

Client Response: The District will more closely monitor its expenditures versus approved appropriations throughout the fiscal year and at fiscal year end and obtain additional approved modifications as necessary.

**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-GEVSD-004

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been lawfully appropriated.

The District had expenditures exceeding appropriations at fiscal year end in the following funds:

<u>Nonmajor Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Management Information System	\$ -	\$ 4,991	\$ 4,991
Public School Preschool	53,671	57,713	4,042
Data Communication	-	9,000	9,000
School Net Professional Development	1,724	4,293	2,569
Ohio Reads	-	2,000	2,000
Miscellaneous State Grants	-	35,375	35,375
Title III	-	10,764	10,764

Disclosure is presented at the fund level, due to the impracticality of disclosing these values at the legal level of control.

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Board of Education. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget through the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The District will more closely monitor its expenditures versus approved appropriations throughout the fiscal year and obtain additional approved modifications as necessary.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Mary Taylor, CPA
Auditor of State

GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2008**