



Mary Taylor, CPA
Auditor of State

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

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

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

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Wert City School District, Van Wert County, as of June 30, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended June 30, 2008, the School District changed its financial presentation to a comprehensive basis of accounting other than generally accepted accounting principles as described in Note 4.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts And Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected this Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

February 19, 2009

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of Van Wert City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2008 are as follows:

- ◆ In total, net assets decreased \$224,894, or 3 percent. This change is not significant.
- ◆ The School District's general receipts, those being primarily property taxes and unrestricted state entitlements, were 84 percent of the total cash received during the fiscal year. This is comparable to the prior fiscal year.
- ◆ During the first part of fiscal year 2008 the old high school and middle school buildings were razed and the land was leveled and seeded with grass. Along with this project, the three-story high school building that was built in 1962 was remodeled to house all of the School District's fifth grade students along with the administrative, special education, technology, and maintenance offices. The razing of the old building was funded through the expedited Ohio School Facilities Commission project. The remodeling of the 1962 building (renamed the S.F. Goedde Building) was funded by Permanent Improvement funds.
- ◆ As of June 30, 2008, the School District, through donations provided by the Athletic Boosters, began construction on a new soccer field, running track and field events area, fencing, bleachers, and a scoreboard. Since June 30, 2008, construction has also started on a 6,800 square foot field house. All of this construction is taking place at the high school/middle school site located on State Route 118.
- ◆ The School District's five-year forecast illustrates that operating disbursements will exceed operating receipts through fiscal year 2012, with the School District running out of money in fiscal year 2010. Voters of the School District approved a 1 percent five-year income tax levy that began in January 2004. This levy generates approximately \$2,290,000 in operating receipts annually. Calendar year 2008 was the last year of collection of this tax. It will be necessary to seek renewal of the income tax. As of fiscal year end, the income tax had not been renewed; however, was renewed in November 2008.
- ◆ All property tax levies for operating funds are continuing levies; however, State legislation provides for the phase out of tangible personal property tax. The tangible personal property tax prior to the phase-out provided approximately 25 percent of local tax receipts for the School District. Temporary reimbursement from the State of the loss of funds is scheduled to continue through fiscal year 2010 and then the reimbursement will be phased out completely. The phase out of the reimbursement is to be completed in fiscal year 2018 with the eventual net loss to the School District estimated to be in excess of \$1,500,000. A lack of significant increases in State foundation funding negatively affects School District balances as forecasted in the five-year forecast. The Administration made cuts during fiscal year 2008 which will reduce operating disbursements by nearly \$700,000 per year. The Administration will continue to make every effort to reduce costs while maintaining an exceptional educational program.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, food service, extracurricular activities, capital outlay, and debt service disbursements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Reporting the School District's Most Significant Funds

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

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

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

The School District as a Whole

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

Table 1 Net Assets			
	Governmental Activities		
	2008	2007	Change
Assets:			
Cash and Cash Equivalents	<u>\$7,009,410</u>	<u>\$7,234,304</u>	<u>(\$224,894)</u>
Net Assets:			
Restricted	1,471,414	2,401,181	(929,767)
Unrestricted	5,537,996	4,833,123	704,873
Total Net Assets	<u>\$7,009,410</u>	<u>\$7,234,304</u>	<u>(\$224,894)</u>

As mentioned previously, total net assets decreased 3 percent, which is not a significant decrease.

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

Table 2 Changes in Net Assets			
	Governmental Activities		
	2008	2007	Change
Receipts:			
Program Receipts			
Charges for Services	\$1,374,359	\$1,173,632	\$200,727
Operating Grants, Contributions, and Interest	2,450,819	2,225,124	225,695
Capital Grants, Contributions, and Interest	5,184	4,480,083	(4,474,899)
Total Program Receipts	<u>3,830,362</u>	<u>7,878,839</u>	<u>(4,048,477)</u>

(Continued)

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets
(Continued)**

	Governmental Activities		
	2008	2007	Change
General Receipts:			
Property Taxes Levied for General Purposes	5,647,711	6,426,695	(778,984)
Property Taxes Levied for Debt Service	1,424,895	1,576,788	(151,893)
Property Taxes levied for Permanent Improvements	383,686	431,143	(47,457)
Income Taxes levied for General Purposes	2,486,517	2,288,940	197,577
Payment in Lieu of Taxes	128,984	67,117	61,867
Grants and Entitlements	9,387,954	9,050,700	337,254
Interest	329,345	452,639	(123,294)
Gifts and Donations	60,371	75,742	(15,371)
Miscellaneous	139,975	150,441	(10,466)
Sale of Capital Assets	177,206	37,424	139,782
General Obligation Bonds Issued		18,440,000	(18,440,000)
Premium on General Obligation Bonds Issued		1,221,065	(1,221,065)
School Improvement Loan Issued		2,000,000	(2,000,000)
Total General Receipts	<u>20,166,644</u>	<u>42,218,694</u>	<u>(22,052,050)</u>
Total Receipts	23,997,006	50,097,533	(26,100,527)
Disbursements:			
Instruction:			
Regular	10,386,791	10,384,702	(2,089)
Special	2,415,468	2,442,959	27,491
Vocational	139,721	108,115	(31,606)
Support Services:			
Pupils	812,930	801,576	(11,354)
Instructional Staff	1,130,939	1,198,613	67,674
Board of Education	47,393	52,223	4,830
Administration	1,632,405	1,672,927	40,522
Fiscal	644,333	534,740	(109,593)
Operation and Maintenance of Plant	1,994,210	1,916,399	(77,811)
Pupil Transportation	528,027	471,788	(56,239)
Central	273,481	247,218	(26,263)
Food Service	892,280	829,791	(62,489)
Extracurricular Activities	517,114	626,631	109,517
Capital Outlay	1,036,936	9,367,049	8,330,113
Debt Service:			
Principal Retirement	409,913	302,472	(107,441)
Interest and Fiscal Charges	1,359,959	1,345,673	(14,286)
Issuance Costs		322,203	322,203
Discount on Bonds Issued		20,403	20,403
Payment to Bond Escrow Agent		19,308,907	19,308,907
Total Disbursements	<u>24,221,900</u>	<u>51,954,389</u>	<u>27,732,489</u>
Increase (Decrease) in Net Assets	(224,894)	(1,856,856)	1,631,962
Net Assets at Beginning of Year	7,234,304	9,091,160	(1,856,856)
Net Assets at End of Year	<u>\$7,009,410</u>	<u>\$7,234,304</u>	<u>(\$ 224,894)</u>

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

As can be seen in the above table, there was a significant decrease in program receipts from the prior fiscal year. In fiscal year 2007, the School District received a donation in excess of \$4 million towards the construction of the Niswonger Performing Arts Center. There was also a decrease in general receipts of over 52 percent. This is primarily due to bond proceeds received in the prior fiscal year to refund bonds previously issued.

In total, disbursements decreased 53 percent from fiscal year 2007. This decrease is the result of two primary sources. The first is the decrease in capital outlay due to the completion of construction for the new school facilities and the second is the decrease in debt service activities resulting from the refunding of previously issued bonds. The major program disbursements for governmental activities are for instruction, which are approximately 53 percent of total governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation are in excess of 10 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant disbursement at 8 percent. Therefore, 71 percent of the School District's disbursements are directly related to the activities of providing facilities and delivering education.

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction:				
Regular	\$10,386,791	\$10,384,702	\$ 9,305,147	\$ 8,327,173
Special	2,415,468	2,442,959	841,119	928,310
Vocational	139,721	108,115	114,831	90,755
Support Services:				
Pupils	812,930	801,576	797,346	784,925
Instructional Staff	1,130,939	1,198,613	1,129,364	1,196,785
Board of Education	47,393	52,223	47,393	52,223
Administration	1,632,405	1,672,927	1,632,405	1,672,927
Fiscal	644,333	534,740	637,533	527,940
Operation and Maintenance of Plant	1,994,210	1,916,399	1,994,210	1,916,399
Pupil Transportation	528,027	471,788	517,462	460,694
Central	273,481	247,218	255,481	226,218
Food Service	892,280	829,791	(42,277)	(1,667,904)
Extracurricular Activities	517,114	626,631	354,716	(1,107,602)
Capital Outlay	1,036,936	9,367,049	1,036,936	9,367,049
Debt Service:				
Principal Retirement	409,913	302,472	409,913	302,472
Interest and Fiscal Charges	1,359,959	1,345,673	1,359,959	1,345,673
Issuance Costs		322,203		322,203
Discount on Bonds Issued		20,403		20,403
Payment to Bond Escrow Agent		19,308,907		19,308,907
Total Disbursements	\$24,221,900	\$51,954,389	\$20,391,538	\$44,075,550

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

With the exception of capital outlay and debt service disbursements as discussed previously, the total costs of services and net costs of services were fairly similar to fiscal year 2007. As can be seen above, the dependence on general receipts for most programs is significant with 84 percent of program costs being paid from general receipts. Only several of the School District's programs receive a notable amount of program receipts to offset program costs. The special instruction program provides for 65 percent of its costs through program receipts from operating grants restricted for special instruction purposes. Program receipts food service program include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program receipts in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Of the School District's two major funds, only the General Fund had a significant change from the prior fiscal year. The General Fund's increase in fund balance is simply due to the excess of receipts over disbursements.

General Fund Budgeting Highlights

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

During fiscal year 2008, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$49,855,072 in capital assets for governmental activities. This represents an insignificant change from fiscal year 2007. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

At June 30, 2008, the School District's outstanding debt included general obligation bonds, in the amount of \$24,518,342, issued for building construction and improvement, and a school improvement loan, in the amount of \$1,917,000. For further information regarding the School District's debt, refer to Note 16 to the basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Current Issues

On November 4, 2008, the citizens of the Van Wert City School District renewed a 1 percent five-year income tax levy to begin collection in January 2009. However, with the scheduled elimination of the tangible personal property taxes along with State decreases in funding, the School District is constantly looking for ways to reduce costs and develop other means of revenues.

The net cost of open enrollment for the School District was approximately \$591,000 in fiscal year 2006, \$743,000 in fiscal year 2007, and \$815,000 in fiscal year 2008. The current net cost estimate for fiscal year 2009 is \$973,000. The Board of Education and the Administration are working with the Community Advisory Council to fix this ever increasing outgoing number of students and funds.

In the spring of 2009, the Ohio School Facilities Commission will approach the School District about participating in the Classroom Facilities Assistance Program for the construction of an elementary building or buildings. There is currently in excess of \$27,000,000 of State funds set aside for the construction of the elementary facilities. To receive these funds, the School District will need to pass a .5 mill maintenance levy or generate equivalent funds through other means. At some point in calendar year 2009, the School District will need to decide to either enter into the Program or to defer.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michael Ruen, Treasurer, Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2008**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$7,001,032
Cash and Cash Equivalents with Fiscal Agent	8,378
Total Assets	7,009,410
 Net Assets:	
Restricted for:	
Capital Projects	150,984
Debt Service	833,076
Setasides	52,993
Athletics and Music	116,616
Other Purposes	214,266
Needy Students/Educational Purposes	
Expendable	25,385
Nonexpendable	78,094
Unrestricted	5,537,996
Total Net Assets	\$7,009,410

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Program Cash Receipts			Net	
	Cash Disbursements	Charges for Services	Operating Grants Contributions, and Interest	Capital Grants Contributions, and Interest	(Disbursement) Receipt and Change in Net Assets
					Governmental Activities
Governmental Activities:					
Current:					
Instruction:					
Regular	\$10,386,791	\$716,004	\$365,349	\$291	(\$9,305,147)
Special	2,415,468	7,701	1,566,648		(841,119)
Vocational	139,721		24,890		(114,831)
Support Services:					
Pupils	812,930		15,584		(797,346)
Instructional Staff	1,130,939		1,575		(1,129,364)
Board of Education	47,393				(47,393)
Administration	1,632,405				(1,632,405)
Fiscal	644,333	6,800			(637,533)
Operation and Maintenance of Plant	1,994,210				(1,994,210)
Pupil Transportation	528,027		5,672	4,893	(517,462)
Central	273,481		18,000		(255,481)
Food Service	892,280	516,288	418,269		42,277
Extracurricular Activities	517,114	127,566	34,832		(354,716)
Capital Outlay	1,036,936				(1,036,936)
Debt Service:					
Principal Retirement	409,913				(409,913)
Interest and Fiscal Charges	1,359,959				(1,359,959)
Total Governmental Activities	\$24,221,900	\$1,374,359	\$2,450,819	\$5,184	(20,391,538)
General Receipts:					
Property Taxes Levied for:					
					5,647,711
					1,424,895
					383,686
					2,486,517
					128,984
					9,387,954
					329,345
					60,371
					139,975
					177,206
					20,166,644
					(224,894)
					7,234,304
					\$7,009,410

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$5,537,996	\$833,076	\$572,073	\$6,943,145
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	57,887			57,887
Cash and Cash Equivalents with Escrow Agent			8,378	8,378
Total Assets	<u>5,595,883</u>	<u>833,076</u>	<u>580,451</u>	<u>7,009,410</u>
Fund Balances:				
Reserved for Budget Stabilization	52,993			52,993
Reserved for Bus Purchase	4,894			4,894
Reserved for Encumbrances	108,647		45,853	154,500
Reserved for Principal			78,094	78,094
Unreserved, Reported in:				
General Fund	5,429,349			5,429,349
Special Revenue Funds			291,721	291,721
Debt Service Fund		833,076		833,076
Capital Projects Funds			139,398	139,398
Permanent Fund			25,385	25,385
Total Fund Balances	<u>\$5,595,883</u>	<u>\$833,076</u>	<u>\$580,451</u>	<u>\$7,009,410</u>

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$5,647,711	\$1,424,895	\$383,686	\$7,456,292
Income Taxes	2,486,517			2,486,517
Payment in Lieu of Taxes	128,984			128,984
Intergovernmental	9,720,207	322,392	1,735,234	11,777,833
Interest	326,126		11,528	337,654
Tuition and Fees	723,705			723,705
Extracurricular Activities			127,566	127,566
Charges for Services	6,800		516,288	523,088
Gifts and Donations	18,157		100,029	118,186
Miscellaneous	79,817		60,158	139,975
Total Receipts	<u>19,138,024</u>	<u>1,747,287</u>	<u>2,934,489</u>	<u>23,819,800</u>
Disbursements:				
Current:				
Instruction:				
Regular	10,284,485		102,306	10,386,791
Special	1,856,213		559,255	2,415,468
Vocational	128,344		11,377	139,721
Support Services:				
Pupils	711,215		101,715	812,930
Instructional Staff	813,806		317,133	1,130,939
Board of Education	47,393			47,393
Administration	1,595,003		37,402	1,632,405
Fiscal	575,197	51,758	17,378	644,333
Operation and Maintenance of Plant	1,694,239		299,971	1,994,210
Pupil Transportation	528,027			528,027
Central	197,766		75,715	273,481
Food Service	900		891,380	892,280
Extracurricular Activities	285,097		232,017	517,114
Capital Outlay	16,553		1,020,383	1,036,936
Debt Service:				
Principal Retirement		366,913	43,000	409,913
Interest on Capital Appreciation		323,087		323,087
Interest and Fiscal Charges		938,088	98,784	1,036,872
Total Disbursements	<u>18,734,238</u>	<u>1,679,846</u>	<u>3,807,816</u>	<u>24,221,900</u>
Excess of Receipts Over Disbursements	403,786	67,441	(873,327)	(402,100)
Other Financing Sources (Uses):				
Sale of Capital Assets			177,206	177,206
Advances In	239,232			239,232
Advances Out			(239,232)	(239,232)
Total Other Financing Sources (Uses)	<u>239,232</u>		<u>(62,026)</u>	<u>177,206</u>
Changes in Fund Balances	643,018	67,441	(935,353)	(224,894)
Fund Balances at Beginning of Year (Restated)	<u>4,952,865</u>	<u>765,635</u>	<u>1,515,804</u>	<u>7,234,304</u>
Fund Balances at End of Year	<u>\$5,595,883</u>	<u>\$833,076</u>	<u>\$580,451</u>	<u>\$7,009,410</u>

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over(Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$5,784,929	\$5,784,929	\$5,647,711	(\$137,218)
Income Taxes	2,299,709	2,299,709	2,486,517	186,808
Payment in Lieu of Taxes			128,984	128,984
Intergovernmental	9,616,062	9,605,062	9,720,207	115,145
Interest	425,000	425,000	326,126	(98,874)
Tuition and Fees	587,590	587,590	723,705	136,115
Charges for Services	9,669	9,669	6,800	(2,869)
Gifts and Donations	150,000	150,000	18,157	(131,843)
Miscellaneous	36,331	36,331	61,780	25,449
Total Receipts	<u>18,909,290</u>	<u>18,898,290</u>	<u>19,119,987</u>	<u>221,697</u>
Disbursements:				
Current:				
Instruction:				
Regular	10,433,667	10,511,156	10,287,037	224,119
Special	1,888,558	1,901,467	1,920,000	(18,533)
Vocational	140,516	140,709	128,344	12,365
Support Services:				
Pupils	731,454	737,437	711,215	26,222
Instructional Staff	850,797	857,363	817,542	39,821
Board of Education	61,596	62,042	48,832	13,210
Administration	1,610,517	1,622,528	1,595,315	27,213
Fiscal	590,959	595,021	575,932	19,089
Operation and Maintenance of Plant	1,913,066	1,926,754	1,724,676	202,078
Pupil Transportation	555,539	559,385	529,340	30,045
Central	203,441	207,748	199,662	8,086
Non-Instructional Services	1,925	1,000	900	100
Extracurricular Activities	292,582	295,157	285,097	10,060
Capital Outlay	1,925	1,500	18,993	(17,493)
Total Disbursements	<u>19,276,542</u>	<u>19,419,267</u>	<u>18,842,885</u>	<u>576,382</u>
Excess of Receipts Over (Under) Disbursements	(367,252)	(520,977)	277,102	798,079
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	10,909	10,909	14,347	3,438
Other Financing Sources			3,690	3,690
Advances In	239,233	239,232	239,232	
Advances Out	(50,047)	(50,000)		50,000
Total Other Financing Sources (Uses)	<u>200,095</u>	<u>200,141</u>	<u>257,269</u>	<u>57,128</u>
Changes in Fund Balance	(167,157)	(320,836)	534,371	855,207
Fund Balance at Beginning of Year	4,875,066	4,875,066	4,875,066	
Prior Year Encumbrances Appropriated	77,799	77,799	77,799	
Fund Balance at End of Year	<u>\$4,785,708</u>	<u>\$4,632,029</u>	<u>\$5,487,236</u>	<u>\$855,207</u>

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private Purpose Trust	Investment Trust	Agency
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$59,706		\$69,771
Cash and Cash Equivalents in Segregated Accounts		\$3,182,239	
	59,706	3,182,239	69,771
Liabilities			
Current Liabilities:			
Undistributed Monies			69,771
Total Liabilities			\$69,771
Net Assets:			
Held in Trust for Scholarships	45,219		
Held in Trust for Individual Investment Account		3,182,239	
Endowments	14,487		
Total Net Assets	\$59,706	\$3,182,239	

See accompanying notes to basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Private Purpose Trust
Additions:	
Interest	\$1,926
Contributions	15,859
Total Additions	<u>17,785</u>
Deductions:	
Non-Instructional Services	<u>6,982</u>
Change in Net Assets	10,803
Net Assets at Beginning of Year	<u>48,903</u>
Net Assets at End of Year	<u><u>\$59,706</u></u>

See accompanying notes to basic financial statements.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1970 through the consolidation of existing land areas and school districts. The School District serves an area of approximately seventy square miles. It is located in Van Wert County, and includes the Village of Ohio City and Liberty Township. The School District is the 258th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by ninety-three classified employees, one hundred fifty certified teaching personnel, and twelve administrative employees who provide services to 2,043 students and other community members. The School District currently operates six instructional buildings and a maintenance/transportation building.

A. Reporting Entity

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

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

The School District's reporting entity includes the following:

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

The School District participates in three jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Vantage Joint Vocational School, the Northwestern Ohio Educational Research Council, Inc., the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Van Wert Area Schools Insurance Group. These organizations are presented in Notes 19 and 20 to the basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

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

B. Fund Accounting

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund and the Bond Retirement Fund.

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on general obligation bonds issued for the construction of a new high school/middle school.

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

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs.

The investment trust fund accounts for the Van Wert Area School Insurance Group, an individual investment account. The private purpose trust funds account for college scholarships for students after graduation and to provide aid to needy school children. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed and non-instructional staff-related activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

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

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately for the School District by escrow agents for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agent".

During fiscal year 2008, investments included nonnegotiable certificates of deposit, repurchase agreements, mutual funds, and 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 was \$326,126, which includes \$117,693 assigned from other School District funds.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for budget stabilization as well as unexpended revenues restricted for bus purchases. Resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors are also reported as restricted.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 13 and 14, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants.

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

N. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for budget stabilization, bus purchase, encumbrances, and principal.

O. Interfund Activity

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

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

3. COMPLIANCE

For the fiscal year ended June 30, 2008, the Construction capital projects fund had appropriations in excess of estimated resources plus available balances, in the amount of \$104,707. The Treasurer will review budgeted resources to ensure they are sufficient for amounts appropriated.

4. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

A. Change in Basis of Accounting

For fiscal year 2008, the School District ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2C.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

4. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY (Continued)

B. Restatement of Fund Equity

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the School District as they were previously reported. The effects on net assets of governmental activities are also presented.

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Fund Balance June 30, 2007	\$5,217,372	\$ 895,192	(\$204,475)	\$5,908,089
Eliminate Asset Accruals	(7,290,683)	(1,536,928)	(627,260)	(9,454,871)
Eliminate Inventory			(19,179)	(19,179)
Eliminate Prepaid Items	(11,145)		(1,294)	(12,439)
Eliminate Interfund Receivables (Payables)	(839,232)		839,232	
Eliminate Liability Accruals	7,876,553	1,407,371	1,528,780	10,812,704
Adjusted Fund Balance July 1, 2007	<u>\$4,952,865</u>	<u>\$ 765,635</u>	<u>\$1,515,804</u>	<u>\$7,234,304</u>

Governmental Activities Net Assets June 30, 2007	\$22,230,286
Eliminate Government-Wide Financial Statements Adjustments:	
Accounts Receivable	(25,533)
Accrued Interest Receivable	(7,474)
Due from Other Governments	(216,170)
Property Tax Receivable	(8,125,127)
Income Tax Receivable	(1,080,567)
Prepaid Items	(12,439)
Materials and Supplies Inventory	(19,179)
Issuance Costs	(388,735)
Capital Assets	(44,770,020)
Accounts Payable	18,104
Contracts Payable	387,591
Accrued Wages and Benefits Payable	1,629,393
Matured Compensated Absences Payable	43,845
Due to Other Governments	503,803
Retainage Payable	504,994
Deferred Revenue	7,387,434
Accrued Interest Payable	74,763
General Obligation Bonds Payable	29,099,335
Adjusted Governmental Activities Net Assets June 30, 2007	<u>\$ 7,234,304</u>

5. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to \$108,647 for the General Fund.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand

As of June 30, 2008, the District had \$1,380 in undeposited cash on hand and a \$4,498 deposit-in-transit which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At June 30, 2008, the carrying value of deposits was \$3,631,840. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,652,769 of the School District's bank balance of \$4,210,776 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments - As of June 30, 2008, the School District had the following investments.

	Fair Value	Maturity
Repurchase Agreements	\$ 840,267	July 1, 2008
Mutual Funds	8,378	45 days average
STAR Ohio	5,834,763	54 days average
	\$6,683,408	

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

The securities underlying the repurchase agreements (Federal National Mortgage Association Notes) carry a rating of AAA by Moodys. The mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements consist of investments listed in items 1 and 2 on page 25. Mutual funds must be rated at the time of purchase in the highest category by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District places no limit on the amount of its interim monies it may invest in a particular security. At June 30, 2008, 13 percent of the School District's investments were invested in repurchase agreements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after October 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$154,975,150	65.88%	\$156,210,870	69.75%
Industrial/Commercial	43,137,360	18.34%	41,877,170	18.70%
Public Utility	8,013,570	3.41%	6,821,320	3.05%
Tangible Personal	29,097,528	12.37%	19,049,178	8.50%
Total Assessed Value	<u>\$235,223,608</u>	<u>100.00%</u>	<u>\$223,958,538</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$53.70</u>		<u>\$53.70</u>	

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

8. INCOME TAXES

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2004, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

9. PAYMENT IN LIEU OF TAXES

According to State law, Van Wert County has entered into agreements with a number of property owners under which the County has granted property tax abatements to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been abated. The agreements provide for a portion of these payments to be made to the School District. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires.

10. CAPITAL ASSETS

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

	<u>Balance at 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/08</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$ 528,480		(\$ 7,141)	\$ 521,339
Construction In Progress	609,868	\$ 462,288	(1,052,156)	20,000
Total Nondepreciable Capital Assets	<u>1,138,348</u>	<u>462,288</u>	<u>(1,059,297)</u>	<u>541,339</u>
Depreciable Capital Assets				
Land Improvements	779,194	21,191	(39,367)	761,018
Buildings and Building Improvements	47,481,152	1,052,156	(1,656,214)	46,877,094
Furniture, Fixtures, and Equipment	688,409		(47,034)	641,375
Vehicles	995,422	148,044	(109,220)	1,034,246
Total Depreciable Capital Assets	<u>49,944,177</u>	<u>1,221,391</u>	<u>(1,851,835)</u>	<u>49,313,733</u>
Governmental Activities Capital Assets	<u>\$51,082,525</u>	<u>\$1,683,679</u>	<u>(\$2,911,132)</u>	<u>\$49,855,072</u>

11. INTERFUND RECEIVABLE/PAYABLE

At June 30, 2008, the General Fund had an unpaid interfund cash advance, in the amount of \$600,000, to the Permanent Improvement Fund for loans made to that fund. This loan is not reflected as an asset and or liability in the accompanying financial statements.

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted for the following insurance coverage.

Coverage provided by Indiana Insurance Company is as follows:

Building and Contents	\$70,406,069
General School District Liability	
Per Occurrence	1,000,000
Total per Year	2,000,000
Automobile Liability	1,000,000
Uninsured/Underinsured Motorists	1,000,000

Coverage provided by The Midwestern Indemnity Company is as follows:

Umbrella Liability	
Per Occurrence	4,000,000
Total per Year	4,000,000

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

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

The School District participates in the Van Wert Area Schools Insurance Group (VWASIG). VWASIG is a public entity shared risk pool consisting of five members. The School District pays monthly premiums to VWASIG for employee medical, dental, and life insurance benefits. VWASIG is responsible for the management and operation of the program. Upon withdrawal from VWASIG, a member is responsible for the payment of all VWASIG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

13 DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 was \$1,194,828, \$1,193,619, and \$1,212,245 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DCP and CP for fiscal year 2008 were \$223 made by the School District and \$500 made by the plan members.

B. School Employees Retirement System

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 was \$211,657, \$221,933, and \$199,125 respectively; 41 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2008, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

14. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$91,927, \$91,847, and \$93,575 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute.

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

14. POST-EMPLOYMENT BENEFITS (Continued)

The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2008, this amount was \$34,853.

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

The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$96,586, \$73,682, and \$69,491 respectively; 41 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2008, this actuarially required allocation was .66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 was \$15,250, \$15,091, and \$15,849 respectively; 41 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

15. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year for classified employees. The treasurer earns twenty days of vacation per fiscal year and may accumulate up to sixty days. The superintendent and high school principal earn twenty days of vacation per fiscal year, and may accumulate up to sixty days. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred ninety-five days for all employees. Upon retirement, payment is made for 25.7 percent of accrued but unused sick leave credit up to a maximum of 50.12 days. Employees who have accumulated one hundred ninety-five days of sick leave may accumulate an additional twenty-five days to be paid upon retirement. This will result in an overall maximum payment of 75.12 days.

B. Employee Insurance Benefits

The School District provides medical, dental, and life insurance to most employees through the Van Wert Area Schools Insurance Group.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

16. LONG-TERM OBLIGATIONS

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

	<u>Balance at 6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/2008</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds					
2007 School Improvement Refunding					
Serial Bonds 4 – 4.25%	\$ 6,795,000		\$ 50,000	\$ 6,745,000	\$ 35,000
Term Bonds 4.25%	2,580,000			2,580,000	
Capital Appreciation Bonds	5,000			5,000	
Accretion on Capital Appreciation					
Bonds	826	\$ 1,869		2,695	
Premium	605,387		3,227	602,160	
Accounting Loss	(424,105)		(2,314)	(431,791)	
2007 School Improvement Refunding					
Serial Bonds 4%	9,000,000		95,000	8,905,000	60,000
Capital Appreciation Bonds	60,000			60,000	
Accretion on Capital Appreciation					
Bonds	8,536	22,034		30,570	
Premium	615,678		6,456	609,222	
Discount	(20,403)		(214)	(20,189)	
Accounting Loss	(424,802)		(4,559)	(430,243)	
2003 School Improvement					
Serial Bonds 2-5%	4,515,000			4,515,000	
Capital Appreciation Bonds	647,045		221,913	425,132	227,212
Accretion on Capital Appreciation					
Bonds	835,439	214,587	323,087	726,939	
Premium	203,192		9,345	193,847	
Total General Obligation Bonds	<u>24,981,793</u>	<u>238,490</u>	<u>701,941</u>	<u>24,518,342</u>	<u>322,212</u>
2006 School Improvement Loan	<u>1,960,000</u>		<u>43,000</u>	<u>1,917,000</u>	<u>45,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$26,941,793</u>	<u>\$238,490</u>	<u>\$744,941</u>	<u>\$26,435,342</u>	<u>\$367,212</u>

2007 School Improvement Refunding Bonds - On November 30, 2006, the School District issued bonds, in the amount of \$9,380,000, to partially refund bonds previously issued in fiscal year 2003 for the construction of a new high school. The refunding bond issue includes serial, term, and capital appreciation bonds, in the amount of \$6,795,000, \$2,580,000 and \$5,000, respectively. The bonds were issued for a twenty-four year period, with final maturity during fiscal year 2031. The bonds will be retired through the Bond Retirement debt service fund.

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2025, in the amount of \$970,000. For fiscal year 2007, \$1,869 was accreted on the capital appreciation bonds for a total bond value of \$7,695 at fiscal year end.

At June 30, 2008, \$9,380,000 of the refunded bonds was still outstanding.

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VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

16. LONG-TERM OBLIGATIONS (Continued)

2007 School Improvement Refunding Bonds - On December 18, 2006, the School District issued bonds, in the amount of \$9,060,000, to partially refund bonds previously issued in fiscal year 2003 for the construction of a new high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of \$9,000,000 and \$60,000, respectively. The bonds were issued for an eighteen year period, with final maturity during fiscal year 2025. The bonds will be retired through the Bond Retirement debt service fund.

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2016, in the amount of \$945,000. For fiscal year 2008, \$22,034 was accreted on the capital appreciation bonds for a total bond value of \$90,570 at fiscal year end.

At June 30, 2008, \$9,060,000 of the refunded bonds was still outstanding.

2003 School Improvement Bonds - On July 24, 2002, the School District issued bonds, in the amount of \$24,999,960, for the construction of a new high school. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$12,315,000, \$11,465,000, and \$1,219,640, respectively. The bonds were issued for a twenty-eight year period, with final maturity in fiscal year 2031. During fiscal year 2007, a portion of the serial bonds, in the amount of \$6,975,000, and a portion of the term bonds, in the amount of \$11,465,000, were refunded. The bonds are being retired through the Bond Retirement debt service fund.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2012, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2009, in the amount of \$2,975,000. For fiscal year 2008, \$214,587 was accreted and \$323,087 was retired on the capital appreciation bonds for a total bond value of \$1,152,071 at fiscal year end.

2006 School Improvement Loan - On June 29, 2006, the School District obtained a loan, in the amount of \$2,000,000, for the acquisition and construction of school facilities. The loan has an interest rate of 5.04 percent. The loan was obtained for a twenty-five year period, with final maturity in fiscal year 2032. The loan is being retired through the Permanent Improvement capital projects fund.

The School District's overall debt margin was (\$6,385,989) with an unvoted debt margin of \$198,131 at June 30, 2008. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2008, were as follows:

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

16. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	General Obligation Bonds				
	Serial	Term	Capital Appreciation	Interest	Total
2009	\$ 95,000		\$227,211	\$ 1,366,076	\$ 1,688,287
2010	95,000		197,921	1,411,567	1,704,488
2011	785,000			912,737	1,697,737
2012	815,000			882,119	1,697,119
2013	845,000			849,453	1,694,453
2014-2018	3,800,000		60,000	4,623,378	8,483,378
2019-2023	5,395,000	\$ 235,000		2,826,009	8,456,009
2024-2028	3,540,000	2,345,000	5,000	2,625,919	8,515,919
2029-2031	4,795,000			311,418	5,106,418
Total	\$20,165,000	\$2,580,000	\$490,132	\$15,808,676	\$39,043,808

Fiscal Year Ending June 30,	School Improvement Loan	
	Principal	Interest
2009	\$ 45,000	\$ 96,616
2010	47,000	94,348
2011	50,000	91,980
2012	53,000	89,460
2013	55,000	43,394
2014-2018	322,000	397,001
2019-2023	416,000	309,078
2024-2028	536,000	195,552
2029-2031	393,000	53,199
Total	\$1,917,000	\$1,370,628

17. SET ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future fiscal years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2008, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2007	(\$527,013)	(\$24,546,255)	\$52,993
Current Year Set Aside Requirement	303,692	303,692	
Qualifying Expenditures	(382,818)	(297,234)	
Balance Carried Forward to Fiscal Year 2008	(606,139)	(24,539,797)	52,993
Set Aside Reserve Balance June 30, 2008	\$ 0	\$ 0	\$52,993

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

17. SET ASIDE REQUIREMENTS (Continued)

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

18. DONOR RESTRICTED ENDOWMENTS

The School District's private purpose trust funds include donor restricted endowments. Endowments, in the amount of \$14,487, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$45,219 and is included as held in trust for students. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each year and to aid needy children.

19. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county.

During fiscal year 2008, the School District paid \$19,553 to NOACSC for various services. Financial information can be obtained from Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Joint Vocational School

The Vantage Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Joint Vocational School, 818 North Franklin Street, Van Wert, Ohio 45891.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

20. INSURANCE POOLS

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

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

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

B. Van Wert Area Schools Insurance Group

The Van Wert Area Schools Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

21. CONTINGENCIES

A. Grants

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

B. Litigation

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
(Passed through Ohio Department of Education)					
Nutrition Cluster:					
School Breakfast Program	10.553	\$43,288		\$43,288	
National School Lunch Program	10.555	305,887		305,887	
Total Nutrition Cluster		349,175		349,175	
Food Donation Program	10.550		\$123,561		\$123,561
Total U.S. Department of Agriculture		349,175	123,561	349,175	123,561
U.S. DEPARTMENT OF EDUCATION					
(Passed through Ohio Department of Education)					
Special Education Cluster:					
Special Education_Grants to States	84.027	655,123		620,091	
Special Education_Preschool Grants	84.173	17,544		17,544	
Total Special Education Cluster		672,667		637,635	
Title I Grants to Local Educational Agencies	84.010	254,469		257,767	
Safe and Drug Free Schools and Communities	84.186	8,402		7,434	
State Grants for Innovative Programs	84.298	22,973		20,060	
Education Technology State Grants	84.318	5,140		3,296	
Improving Teacher Quality State Grants	84.367	126,472		96,950	
Total U.S. Department of Education		1,090,123		1,023,142	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)					
Community Alternative Funding System	93.778	12,528			
Total Federal Assistance		<u>\$1,451,826</u>	<u>\$123,561</u>	<u>\$1,372,317</u>	<u>\$123,561</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

NOTE C – NUTRITION CLUSTER

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

NOTE D - TRANSFER OF FUNDS BETWEEN SPECIAL COST CENTERS

The following transfers between fund cost centers were approved by the Ohio Department of Education.

<u>Grant, CFDA #, Fund, and Cost Center</u>	<u>Transfer Out</u>	<u>Transfer In</u>
State Grants for Innovative Programs #84.298 573-9108		\$15,474
Title I Grants to Local Educational Agencies #84.010 572-9108 572-9109	(\$ 8,314)	\$ 8,314
Improving Teacher Quality #84.367 590-9108	(\$15,474)	
590-9107 590-9108	(\$14,413)	\$14,413

NOTE E – COMMUNITY ALTERNATIVE FUNDING SYSTEM (CAFS)

The School District received \$12,528 of CAFS funds during fiscal year 2008. The funds relate to reimbursement of CAFS services provided during prior periods.



Mary Taylor, CPA

Auditor of State

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

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Wert City School District, Van Wert County, (the School District) as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 19, 2009, wherein we noted that the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the School District's management in a separate letter dated February 19, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated February 19, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 19, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

Compliance

We have audited the compliance of Van Wert City School District, (the 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 apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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**Internal Control Over Compliance
(Continued)**

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 19, 2009

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	National School Lunch Nutrition Cluster (#10.553, 10.555) Title I – Grants to Local Educational Agencies (#84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



Mary Taylor, CPA
Auditor of State

VAN WERT CITY SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2009**