



Dave Yost • Auditor of State



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 S. River Street  
Newcomerstown, Ohio 43832

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 the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund and the Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole



**Dave Yost**  
Auditor of State

January 4, 2013

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The management's discussion and analysis of the Newcomerstown Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities decreased \$325,684 which represents a 2.40% decrease from 2011.
- General revenues accounted for \$8,793,949 in revenue or 74.20% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,058,522 or 25.80% of total revenues of \$11,852,471.
- The District had \$12,178,155 in expenses related to governmental activities; \$3,058,522 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,793,949 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the food service fund. The general fund had \$9,993,934 in revenues and \$9,562,467 in expenditures. During fiscal year 2012, the general fund's fund balance increased \$431,467 from a balance of \$91,505 to a balance of \$522,972.
- Another of the District's major governmental funds is the food service fund. The food service fund had \$484,040 in revenues and \$600,494 in expenditures. During fiscal year 2012, the food service fund's fund balance decreased \$116,454 from a deficit of \$408,138 to a deficit of \$524,592.

**Using the Basic Financial Statements**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the food service fund are the most significant funds, and the only funds reported as major funds.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 21-23 of this report.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-57 of this report.

**The District as a Whole**

The table below provides a summary of the District's net assets at June 30, 2012 and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 5,531,453	\$ 5,789,009
Capital assets, net	<u>14,284,547</u>	<u>14,796,383</u>
Total assets	<u>19,816,000</u>	<u>20,585,392</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,792,190	3,899,040
Long-term liabilities	<u>2,783,425</u>	<u>3,120,283</u>
Total liabilities	<u>6,575,615</u>	<u>7,019,323</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	12,019,778	12,187,666
Restricted	814,232	1,344,244
Unrestricted (deficit)	<u>406,375</u>	<u>34,159</u>
Total net assets	<u>\$ 13,240,385</u>	<u>\$ 13,566,069</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$13,240,385. Of this total, \$814,232 is restricted in use.

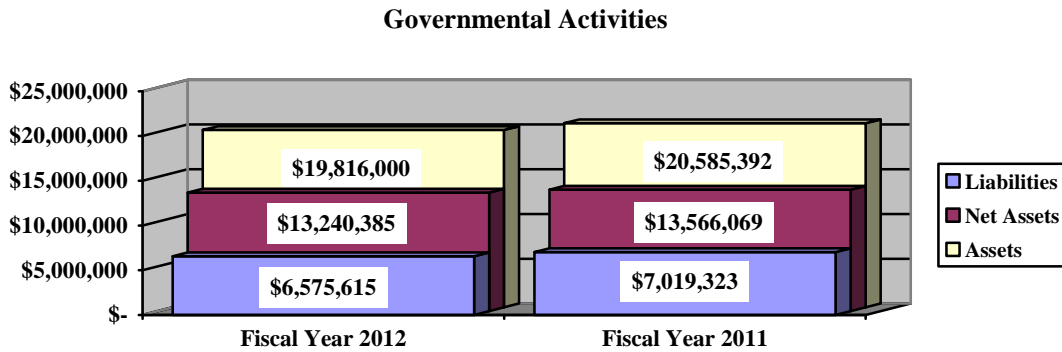
**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

At year-end, capital assets represented 72.09% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$12,019,778. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$814,232, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$406,375.

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2012 and June 30, 2011.



The table below shows the change in net assets for fiscal years 2012 and 2011:

**Change in Net Assets**

	Governmental Activities 2012	Governmental Activities 2011
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,061,452	\$ 1,085,497
Operating grants and contributions	1,997,070	3,130,392
General revenues:		
Property taxes	2,946,037	2,963,335
Grants and entitlements	5,609,779	5,568,394
Investment earnings	28	23
Other	238,105	429,504
<b>Total revenues</b>	<b>11,852,471</b>	<b>13,177,145</b>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Change in Net Assets**

	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,838,186	\$ 4,942,816
Special	1,141,376	1,191,037
Vocational	94,049	106,398
Adult/continuing	5,673	6,517
Other	624,876	726,898
Support services:		
Pupil	371,803	302,234
Instructional staff	694,268	900,833
Board of education	26,263	17,867
Administration	982,181	1,042,732
Fiscal	325,136	333,713
Operations and maintenance	1,366,898	1,317,945
Pupil transportation	530,807	536,006
Central	291	12,305
Operations of non-instructional:		
Food service operations	627,672	638,905
Other non-instructional services	49,870	30,374
Extracurricular activities	404,854	386,316
Interest and fiscal charges	<u>93,952</u>	<u>120,588</u>
Total expenses	<u>12,178,155</u>	<u>12,613,484</u>
Change in net assets	(325,684)	563,661
Net assets at beginning of year	<u>13,566,069</u>	<u>13,002,408</u>
Net assets at end of year	<u>\$ 13,240,385</u>	<u>\$ 13,566,069</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$325,684. Total governmental expenses of \$12,178,155 were offset by program revenues of \$3,058,522 and general revenues of \$8,793,949. Program revenues supported 25.11% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements not restricted to specific programs. These revenue sources represent 72.19% of total governmental revenue.

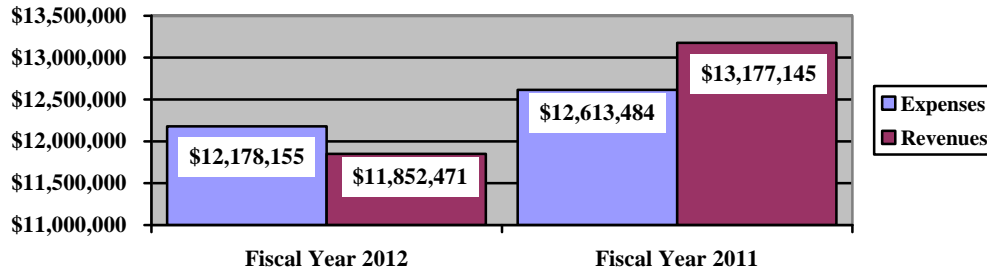
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,704,160 or 55.05% of total governmental expenses for fiscal year 2012.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011:

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,838,186	\$ 3,947,645	\$ 4,942,816	\$ 4,051,594
Special	1,141,376	(109,500)	1,191,037	(160,040)
Vocational	94,049	68,765	106,398	81,114
Adult education	5,673	5,673	6,517	6,517
Other	624,876	618,027	726,898	726,898
Support services:				
Pupil	371,803	370,643	302,234	302,234
Instructional staff	694,268	512,607	900,833	499,751
Board of education	26,263	26,263	17,867	17,867
Administration	982,181	969,993	1,042,732	1,031,221
Fiscal	325,136	325,136	333,713	333,713
Operations and maintenance	1,366,898	1,365,621	1,317,945	535,538
Pupil transportation	530,807	530,807	536,006	536,006
Central	291	291	12,305	12,305
Operation of non-instructional:				
Food service operations	627,672	144,134	638,905	44,297
Other non-instructional services	49,870	22,761	30,374	13,866
Extracurricular activities	404,854	226,815	386,316	244,126
Interest and fiscal charges	93,952	93,952	120,588	120,588
<b>Total expenses</b>	<b>\$ 12,178,155</b>	<b>\$ 9,119,633</b>	<b>\$ 12,613,484</b>	<b>\$ 8,397,595</b>

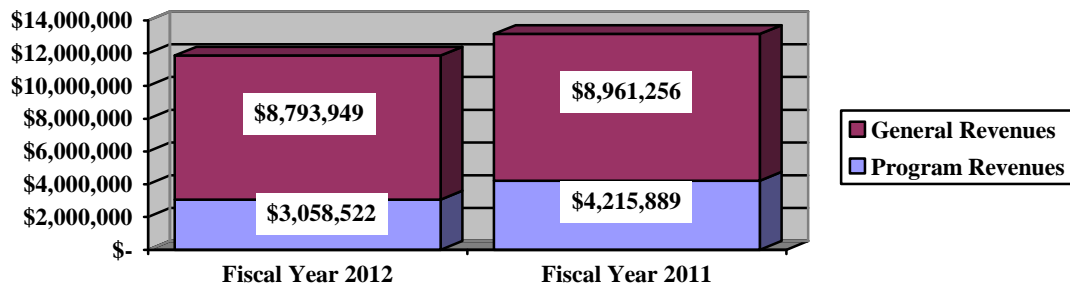
**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 67.58% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.89%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$733,539 which is higher than last year's balance of \$540,442. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance (deficit) <u>June 30, 2012</u>	Fund Balance (deficit) <u>June 30, 2011</u>	Increase (decrease)
General	\$ 522,972	\$ 91,505	\$ 431,467
Food service	(524,592)	(408,138)	(116,454)
Other Governmental	<u>735,159</u>	<u>857,075</u>	<u>(121,916)</u>
Total	<u>\$ 733,539</u>	<u>\$ 540,442</u>	<u>\$ 193,097</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

***General Fund***

The District's general fund's fund balance increased by \$431,467.

The table that follows assists in illustrating the financial activities and fund balance of the general fund for fiscal years 2012 and 2011.

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,734,579	\$ 2,689,323	\$ 45,256	1.68 %
Tuition	793,904	778,071	15,833	2.03 %
Intergovernmental	6,260,541	6,204,506	56,035	0.90 %
Other revenues	<u>204,910</u>	<u>402,001</u>	<u>(197,091)</u>	(49.03) %
Total	<u>\$ 9,993,934</u>	<u>\$ 10,073,901</u>	<u>\$ (79,967)</u>	(0.79) %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,658,653	\$ 5,971,536	\$ (312,883)	(5.24) %
Support services	3,615,393	3,543,709	71,684	2.02 %
Operation of non-instructional services	340	309	31	10.03 %
Extracurricular activities	197,295	205,890	(8,595)	(4.17) %
Facilities acquisition and construction	84,374	26,353	58,021	220.17 %
Capital outlay	-	21,920	(21,920)	(100.00) %
Debt service	<u>6,412</u>	<u>4,868</u>	<u>1,544</u>	31.72 %
Total	<u>\$ 9,562,467</u>	<u>\$ 9,774,585</u>	<u>\$ (212,118)</u>	(2.17) %

Other revenues, which are made up of rentals, contributions and donations, services provided to other entities, classroom materials and fees, extracurricular activities and miscellaneous revenues decreased \$197,091 or 49.03% primarily due to revenues from a settlement received in the prior fiscal year not being received in the current fiscal year. Facilities acquisition and construction expenditures increased \$58,021 or 220.17% as a result of the District making more repairs and replacements in the current fiscal year. All other revenues and expenditures remained comparable to the prior year.

***Food Service Fund***

Another of the District's major governmental funds is the food service fund. The food service fund had \$484,040 in revenues and \$600,494 in expenditures. During fiscal year 2012, the food service fund's fund balance decreased \$116,454 from a deficit of \$408,138 to a deficit of \$524,592.

***General Fund Budgeting Highlights***

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

During the course of fiscal year 2012, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$9,796,013 and final budgeted revenues and other financing sources were \$9,970,224. Actual revenues and other financing sources for fiscal year 2012 were \$10,000,308. This represents a \$30,084 increase over final budgeted revenues.

General fund original appropriations and other financing uses of \$10,726,083 were increased to \$10,900,294 in the final appropriations and other financing uses. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$10,119,418, which was \$780,876 less than the final budget appropriations, mainly due to the Districts conservative budgeting.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2012, the District had \$14,284,547 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2012 balances compared to June 30, 2011.

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 121,788	\$ 121,788
Land improvements	758,915	856,393
Building and improvements	12,874,647	13,271,630
Furniture and equipment	357,688	420,709
Vehicles	<u>171,509</u>	<u>125,863</u>
<b>Total</b>	<b><u>\$ 14,284,547</u></b>	<b><u>\$ 14,796,383</u></b>

The overall decrease in capital assets of \$511,836 is due to depreciation expense of \$641,948 exceeding capital outlays of \$130,112 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2012, the District had \$1,936,607 in general obligation bonds, \$322,261 in lease purchase agreements outstanding and \$12,508 in capital leases outstanding. Of this total, \$263,057 is due within one year and \$2,008,319 is due in greater than one year. The following table summarizes the debt outstanding at June 30, 2012 and June 30, 2011.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The following table summarizes the bonds and lease purchase agreements outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
General obligation bonds	\$ 1,936,607	\$ 2,111,841
Capital leases	12,508	17,907
Lease-purchase agreements	<u>322,261</u>	<u>395,229</u>
Total	<u>\$ 2,271,376</u>	<u>\$ 2,524,977</u>

At June 30, 2012, the District's overall legal debt margin was \$6,944,119, and an unvoted debt margin of \$95,110.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The District has been very frugal and has carefully managed its general fund budget in order to get the maximum value for the tax dollars available for educating the students of the Newcomerstown Exempted Village School District. The District passed an 8 mill, five year emergency levy in the February 2006 special election (by a vote of 58% to 42%). This was the fourth try for additional operating revenue in the last few years and this is the first new, additional operating funds the District has received in the last 13 years. This Levy was renewed at the May 2009 election by a vote of 64% to 36%. The levy generates \$750,000 annually.

The District also renewed a current 9.2 mill operating levy in May 2011. This operating levy generates \$527,100 annually. Voters rejected a 9.2 mill replacement tax levy that was placed on the November 2010 ballot. The replacement levy would have generated \$955,958 annually. The District settled a two year contract on wages and insurances with both the certified and classified associations. The contract expires on June 30, 2013. The District administration and both the Newcomerstown Teachers Association and the Newcomerstown Classified Association will begin negotiations of both language and salary and benefits in the spring of 2013.

The District has committed itself to educational and financial excellence. As a result, the District's financial abilities will continue to be tested, therefore making it a challenge to meet the high educational goals that have been set. However, with continued leadership from the Board of Education and prudent fiscal planning, the resources needed to meet the educational challenges ahead and desired student needs should be achieved.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Dan Stocker, Treasurer, Newcomerstown Exempted Village School District, 702 S. River Street, Newcomerstown, Ohio 43832.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 2,252,294
Receivables:	
Taxes . . . . .	3,136,396
Accounts. . . . .	140
Intergovernmental . . . . .	56,156
Materials and supplies inventory. . . . .	8,382
Unamortized bond issuance costs . . . . .	78,085
Capital assets:	
Land . . . . .	121,788
Depreciable capital assets, net. . . . .	14,162,759
Capital assets, net . . . . .	14,284,547
 Total assets. . . . .	 19,816,000
 <b>Liabilities:</b>	
Accounts payable. . . . .	79,414
Accrued wages and benefits . . . . .	943,158
Pension obligation payable. . . . .	202,972
Intergovernmental payable . . . . .	47,687
Accrued interest payable . . . . .	4,937
Claims payable. . . . .	105,044
Unearned revenue . . . . .	2,408,978
Long-term liabilities:	
Due within one year. . . . .	327,581
Due in more than one year. . . . .	2,455,844
 Total liabilities . . . . .	 6,575,615
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	12,019,778
Restricted for:	
Debt service. . . . .	328,359
Capital projects . . . . .	92,719
Classroom facilities maintenance . . . . .	189,541
State funded programs. . . . .	27,033
Federally funded programs . . . . .	157,685
Student activities . . . . .	18,895
Unrestricted. . . . .	406,375
 Total net assets . . . . .	 \$ 13,240,385

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,838,186	\$ 653,900	\$ 236,641	\$ (3,947,645)
Special . . . . .	1,141,376	156,830	1,094,046	109,500
Vocational . . . . .	94,049	-	25,284	(68,765)
Adult/continuing. . . . .	5,673	-	-	(5,673)
Other . . . . .	624,876	-	6,849	(618,027)
Support services:				
Pupil. . . . .	371,803	-	1,160	(370,643)
Instructional staff . . . . .	694,268	-	181,661	(512,607)
Board of education . . . . .	26,263	-	-	(26,263)
Administration. . . . .	982,181	-	12,188	(969,993)
Fiscal. . . . .	325,136	-	-	(325,136)
Operations and maintenance . . . . .	1,366,898	882	395	(1,365,621)
Pupil transportation. . . . .	530,807	-	-	(530,807)
Central . . . . .	291	-	-	(291)
Operation of non-instructional services:				
Food service operations . . . . .	627,672	102,765	380,773	(144,134)
Other non-instructional services . . . . .	49,870	-	27,109	(22,761)
Extracurricular activities. . . . .	404,854	147,075	30,964	(226,815)
Interest and fiscal charges . . . . .	93,952	-	-	(93,952)
<b>Total governmental activities . . . . .</b>	<b>\$ 12,178,155</b>	<b>\$ 1,061,452</b>	<b>\$ 1,997,070</b>	<b>(9,119,633)</b>
 <b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				2,721,458
Special revenue . . . . .				35,290
Debt service. . . . .				189,289
Grants and entitlements not restricted				
to specific programs . . . . .				5,609,779
Investment earnings . . . . .				28
Miscellaneous . . . . .				238,105
<b>Total general revenues . . . . .</b>				<b>8,793,949</b>
Change in net assets . . . . .				(325,684)
<b>Net assets at beginning of year. . . . .</b>				<b>13,566,069</b>
<b>Net assets at end of year . . . . .</b>				<b>\$ 13,240,385</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 766,528	\$ -	\$ 839,456	\$ 1,605,984
Receivables:				
Taxes . . . . .	2,914,503	-	221,893	3,136,396
Accounts . . . . .	-	140	-	140
Intergovernmental. . . . .	11,240	-	44,916	56,156
Materials and supplies inventory. . . . .	-	8,382	-	8,382
Due from other funds . . . . .	486,447	-	-	486,447
Total assets . . . . .	<u>\$ 4,178,718</u>	<u>\$ 8,522</u>	<u>\$ 1,106,265</u>	<u>\$ 5,293,505</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 61,384	\$ -	\$ 18,030	\$ 79,414
Accrued wages and benefits. . . . .	804,290	34,108	104,760	943,158
Compensated absences payable . . . . .	24,560	3,160	-	27,720
Pension obligation payable . . . . .	167,591	14,263	21,118	202,972
Intergovernmental payable . . . . .	43,924	633	3,130	47,687
Due to other funds . . . . .	-	480,950	5,497	486,447
Deferred revenue . . . . .	312,243	-	51,347	363,590
Unearned revenue. . . . .	2,241,754	-	167,224	2,408,978
Total liabilities. . . . .	<u>3,655,746</u>	<u>533,114</u>	<u>371,106</u>	<u>4,559,966</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	8,382	-	8,382
Restricted:				
Debt service . . . . .	-	-	314,230	314,230
Capital improvements . . . . .	-	-	92,719	92,719
Classroom facilities maintenance . . . . .	-	-	185,814	185,814
Public school preschool . . . . .	-	-	1,450	1,450
Targeted academic assistance . . . . .	-	-	36,856	36,856
Other purposes. . . . .	-	-	144,773	144,773
Extracurricular. . . . .	-	-	18,895	18,895
Committed:				
Student instruction . . . . .	50,432	-	-	50,432
Student and staff support . . . . .	18,760	-	-	18,760
Assigned:				
Student instruction . . . . .	65,811	-	-	65,811
Student and staff support. . . . .	222,839	-	-	222,839
Extracurricular activities . . . . .	4,866	-	-	4,866
Uniform school supplies . . . . .	9,538	-	-	9,538
Public school support . . . . .	21,070	-	-	21,070
Subsequent year appropriation . . . . .	129,656	-	-	129,656
Unassigned (deficit). . . . .	-	(532,974)	(59,578)	(592,552)
Total fund balances (deficit). . . . .	<u>522,972</u>	<u>(524,592)</u>	<u>735,159</u>	<u>733,539</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,178,718</u>	<u>\$ 8,522</u>	<u>\$ 1,106,265</u>	<u>\$ 5,293,505</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	733,539
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,284,547
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	323,796	
Intergovernmental receivable		39,794	
Total		363,590	363,590
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			541,266
Unamortized deferred charges are not recognized in the funds			46,382
Unamortized premiums on bond issuance are not recognized in the funds.			(124,469)
Unamortized bond issuance costs are not recognized in the funds			78,085
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(4,937)
Long-term liabilities, including leases and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(406,242)	
Lease-purchase agreement		(322,261)	
Capital lease obligations		(12,508)	
General obligation current interest bonds		(1,920,000)	
General obligation capital appreciation bonds		(9,998)	
Accreted interest on capital appreciation bonds		(6,609)	
Total		(2,677,618)	(2,677,618)
<b>Net assets of governmental activities</b>		\$	13,240,385

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,734,579	\$ -	\$ 228,538	\$ 2,963,117
Tuition. . . . .	793,904	-	-	793,904
Charges for services . . . . .	-	102,872	-	102,872
Earnings on investments . . . . .	-	-	28	28
Extracurricular. . . . .	49,273	-	97,802	147,075
Classroom materials and fees . . . . .	16,826	-	-	16,826
Rental income . . . . .	775	-	-	775
Contributions and donations . . . . .	3,866	-	129,588	133,454
Other local revenues . . . . .	134,170	-	1,445	135,615
Intergovernmental - State . . . . .	6,260,541	9,048	158,852	6,428,441
Intergovernmental - Federal . . . . .	-	372,120	1,051,809	1,423,929
Total revenues . . . . .	<u>9,993,934</u>	<u>484,040</u>	<u>1,668,062</u>	<u>12,146,036</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	4,261,397	-	288,872	4,550,269
Special . . . . .	685,827	-	411,456	1,097,283
Vocational . . . . .	90,880	-	-	90,880
Adult/continuing . . . . .	5,673	-	-	5,673
Other . . . . .	614,876	-	10,000	624,876
Support services:				
Pupil . . . . .	321,679	-	45,082	366,761
Instructional staff . . . . .	443,347	-	230,473	673,820
Board of education . . . . .	26,263	-	-	26,263
Administration . . . . .	716,333	-	254,783	971,116
Fiscal . . . . .	318,141	-	-	318,141
Operations and maintenance . . . . .	1,218,566	622	22,052	1,241,240
Pupil transportation . . . . .	570,773	-	-	570,773
Central . . . . .	291	-	-	291
Operation of non-instructional services:				
Food service operations. . . . .	-	599,872	-	599,872
Other non-instructional services . . . . .	340	-	39,580	39,920
Extracurricular activities . . . . .	197,295	-	122,995	320,290
Facilities acquisition and construction . . . . .	84,374	-	23,244	107,618
Debt service:				
Principal retirement. . . . .	5,399	-	252,968	258,367
Interest and fiscal charges . . . . .	1,013	-	88,473	89,486
Total expenditures . . . . .	<u>9,562,467</u>	<u>600,494</u>	<u>1,789,978</u>	<u>11,952,939</u>
Net change in fund balances . . . . .	431,467	(116,454)	(121,916)	193,097
<b>Fund balances (deficit)</b>				
<b>at beginning of year . . . . .</b>	91,505	(408,138)	857,075	540,442
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 522,972</u>	<u>\$ (524,592)</u>	<u>\$ 735,159</u>	<u>\$ 733,539</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Net change in fund balances - total governmental funds** \$ 193,097

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 130,112	
Current year depreciation	(641,948)	
<b>Total</b>	<b>(511,836)</b>	<b>(511,836)</b>

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

Taxes	(17,080)	
Intergovernmental	(265,245)	
<b>Total</b>	<b>(282,325)</b>	<b>(282,325)</b>

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

258,367

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:

Decrease in accrued interest payable	300	
Accreted interest on capital appreciation bonds	(4,766)	
Amortization of bond issuance costs	(7,496)	
Amortization of bond premiums	11,949	
Amortization of deferred charges	(4,453)	
<b>Total</b>	<b>(4,466)</b>	<b>(4,466)</b>

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

854,841

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net loss of the internal service fund is allocated among the governmental activities.

(20,878)

**Change in net assets of governmental activities** \$ 486,800

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,584,618	\$ 2,639,575	\$ 2,639,575	\$ -
Tuition . . . . .	777,375	793,904	793,904	-
Rental income . . . . .	759	775	775	-
Contributions and donations . . . . .	3,786	3,866	3,866	-
Other local revenues . . . . .	109,426	110,575	111,753	1,178
Intergovernmental - state . . . . .	6,130,195	6,231,675	6,260,541	28,866
<b>Total revenues . . . . .</b>	<u>9,606,159</u>	<u>9,780,370</u>	<u>9,810,414</u>	<u>30,044</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,418,047	4,395,839	4,320,750	75,089
Special . . . . .	747,988	738,720	704,258	34,462
Vocational . . . . .	82,075	92,117	91,372	745
Adult/continuing . . . . .	8,401	7,741	5,677	2,064
Other . . . . .	798,573	817,904	684,877	133,027
Support services:				
Pupil . . . . .	291,256	320,677	318,698	1,979
Instructional staff . . . . .	518,620	485,874	457,342	28,532
Board of education . . . . .	22,633	36,546	35,856	690
Administration . . . . .	996,635	748,317	734,508	13,809
Fiscal . . . . .	354,056	322,612	316,958	5,654
Operations and maintenance . . . . .	1,244,897	1,543,344	1,410,725	132,619
Pupil transportation . . . . .	627,067	646,629	616,630	29,999
Central . . . . .	12,068	12,068	4,882	7,186
Operation of non-instructional services . . . . .	424	425	340	85
Extracurricular activities . . . . .	71,442	156,750	153,634	3,116
Facilities acquisition and construction . . . . .	405,958	407,323	95,504	311,819
<b>Total expenditures . . . . .</b>	<u>10,600,140</u>	<u>10,732,886</u>	<u>9,952,011</u>	<u>780,875</u>
Excess of expenditures over revenues . . . . .	(993,981)	(952,516)	(141,597)	810,919
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	22,407	22,407	22,407	-
Transfers in . . . . .	167,407	167,407	167,407	-
Transfers (out) . . . . .	(125,943)	(167,408)	(167,407)	1
Sale of capital assets . . . . .	40	40	80	40
<b>Total other financing sources (uses) . . . . .</b>	<u>63,911</u>	<u>22,446</u>	<u>22,487</u>	<u>41</u>
Net change in fund balance . . . . .	(930,070)	(930,070)	(119,110)	810,960
<b>Fund balance at beginning of year . . . . .</b>	692,559	692,559	692,559	-
<b>Prior year encumbrances appropriated . . . . .</b>	237,511	237,511	237,511	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,960</u>	<u>\$ 810,960</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ 123,885	\$ 101,837	\$ 101,837	\$ -
Intergovernmental - State . . . . .	11,007	9,048	9,048	-
Intergovernmental - Federal . . . . .	435,019	357,597	357,597	-
Total revenue . . . . .	<u>569,911</u>	<u>468,482</u>	<u>468,482</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				-
Operations and maintenance. . . . .	720	-	1,517	(1,517)
Food service operations. . . . .	17,746	116,100	613,999	(497,899)
Total expenditures . . . . .	<u>18,466</u>	<u>116,100</u>	<u>615,516</u>	<u>(499,416)</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>551,445</u>	<u>352,382</u>	<u>(147,034)</u>	<u>(499,416)</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	-	895	895	-
Total other financing sources . . . . .	<u>-</u>	<u>895</u>	<u>895</u>	<u>-</u>
Net change in fund balance . . . . .	551,445	353,277	(146,139)	(499,416)
<b>Fund balance (deficit) at beginning of year.</b>	(353,872)	(353,872)	(353,872)	-
<b>Prior year encumbrances appropriated. . .</b>	595	595	595	-
<b>Fund balance (deficit) at end of year . . . .</b>	<u>\$ 198,168</u>	<u>\$ -</u>	<u>\$ (499,416)</u>	<u>\$ (499,416)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 646,310
Total assets. . . . .	<u>646,310</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>105,044</u>
Total liabilities . . . . .	<u>105,044</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>541,266</u>
Total net assets . . . . .	<u>\$ 541,266</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 1,806,826
Total operating revenues . . . . .	<u>1,806,826</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>1,827,704</u>
Total operating expenses. . . . .	<u>1,827,704</u>
Operating loss/change in net assets . . . . .	(20,878)
<b>Net assets at beginning of year . . . . .</b>	<u>562,144</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 541,266</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 1,806,826
Cash payments for claims . . . . .	<u>(1,848,809)</u>
Net cash used in operating activities . . . . .	<u>(41,983)</u>
Net decrease in cash and cash equivalents. . . . .	(41,983)
<b>Cash and cash equivalents at beginning of year. . .</b>	<u>688,293</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 646,310</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (20,878)
Changes in assets and liabilities: (Decrease) in claims payable . . . . .	<u>(21,105)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (41,983)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 54,936
Investments in segregated accounts . . . . .	1,525	-
Total assets. . . . .	1,525	\$ 54,936
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,628
Intergovernmental payable . . . . .	-	4
Due to students. . . . .	-	53,304
Total liabilities . . . . .	-	\$ 54,936
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	1,525	
Total net assets . . . . .	\$ 1,525	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 2
Gifts and contributions. . . . .	150
	152
<b>Total additions.</b> . . . . .	152
<b>Deductions:</b>	
Scholarships awarded . . . . .	200
	(48)
<b>Change in net assets.</b> . . . . .	(48)
<b>Net assets at beginning of year</b> . . . . .	1,573
<b>Net assets at end of year.</b> . . . . .	\$ 1,525

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 55 non-certified employees, 83 certified full-time teaching personnel and 10 administrative employees who provide services to 1,193 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building and 1 garage.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Buckeye Career Center

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center's Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center's Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The District's students may attend the Career Center. Each participating District's control is limited to its representation on the Career Center's Board of Education. During fiscal year 2012, no monies were paid to the Career Center by the District.

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

OME-RESA is one of 21 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 47 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2012, the District paid \$106,568 to OME-RESA for various services.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts and acts in the capacity of fiscal agent for OME-RESA.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by Boards of Education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations. During fiscal year 2012, no monies were paid to the TCTIRC by the District.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

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

The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

*Food service fund* - The food service fund is used to account for and report financial transactions related to food service operations.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***PROPRIETARY FUND***

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal service fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, vision and dental benefits to employees.

***FIDUCIARY FUNDS***

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

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2012, have been reported as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair market value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund, function, object, special cost center level for the general fund and at the fund level of expenditures for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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

*TAX BUDGET*

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by May 1. Information required includes the general fund five year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

*ESTIMATED RESOURCES*

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificates of estimated resources issued during fiscal year 2012.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

*APPROPRIATIONS*

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

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board of Education during fiscal year 2012.

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

Although the legal level of budgetary control was established at the fund, function, object, special cost center level for the general fund and at the fund level of expenditures for all other funds, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

*LAPSING OF APPROPRIATIONS*

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2012, investments were limited to a nonnegotiable certificate of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The certificate of deposit maintained in the Claude Hinds Memorial Fund is reflected on the statement of fiduciary net assets as "investments in segregated accounts".

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. During fiscal year 2012 there was no interest revenue credited to the general fund.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair market value. Inventories are recorded on a first-in, first-out basis and are expended when used. Inventories are accounted for using the consumption method.

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 15 years
Vehicles	10 years

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net assets.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and lease agreements are recognized as a liability on the fund financial statements when due.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**M. Net Assets**

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

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

**N. Estimates**

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

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. All interfund transactions between governmental funds have been eliminated on government-wide financial statements. During fiscal year 2012, the District only made same fund transfers which have been eliminated on the government-wide and fund financial statements.

**P. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.A.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Food service	\$ 524,592
<u>Nonmajor funds</u>	
Poverty aid	422
Education jobs	6,919
IDEA Part-B	18,114
Title I - disadvantaged children	28,626
Vernon and Edith Lee trust fund	5,497

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**C. Compliance**

Contrary to Ohio Revised Code section 5705.41(B), District expenditures in the food service fund exceeded appropriations.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

Contrary to Ohio Revised Code 5705.10, the District incurred negative cash balances throughout the fiscal year in the Food Service, Uniform School Supply and Vernon and Edith Lee Trust Funds.

**NOTE 4 - DEPOSITS**

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

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

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

Interim deposits are deposits of interim monies. Interim 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 or by savings or deposit accounts including passbook accounts.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4 - DEPOSITS - (Continued)**

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$2,308,755. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, the entire bank balance of \$2,371,510 was covered by the FDIC.

**B. Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets**

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net assets as of June 30, 2012:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 2,308,755</u>
 <u>Cash and cash equivalents per statement of net assets</u>	
Governmental activities	\$ 2,252,294
Private-purpose trust fund	1,525
Agency fund	<u>54,936</u>
Total	<u>\$ 2,308,755</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances for the year ended June 30, 2012, consisted of the following due to/from other funds, as reported on the fund financial statements:

	Due from other funds	Due to other funds
General fund	\$ 486,447	\$ -
Food service fund		480,950
<u>Nonmajor governmental funds:</u>		
Vernon and Edith Lee trust fund	-	5,497
Total	\$ 486,447	\$ 486,447

The primary purpose of the interfund balances is to cover negative cash balances in the governmental funds. These negative cash balances are not allowable as they do not meet the criteria of Ohio Revised Code Section 3315.20(A). These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Tuscarawas County, Guernsey County and Coshocton County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$371,746 in the general fund, \$4,922 in the classroom maintenance fund (a nonmajor governmental fund) and \$26,954 in the debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2011 was \$276,742 in the general fund, \$3,639 in the classroom maintenance fund (a nonmajor governmental fund) and \$23,026 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 67,532,810	71.81	\$ 67,738,100	71.22
Commercial/industrial real estate	19,083,000	20.29	18,905,520	19.88
Public utility personal	<u>7,429,590</u>	<u>7.90</u>	<u>8,466,240</u>	<u>8.90</u>
Total	<u>\$ 94,045,400</u>	<u>100.00</u>	<u>\$ 95,109,860</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$50.00		\$49.80	
Permanent improvement	0.50		0.50	
Debt service	2.50		2.10	

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 3,136,396
Accounts	140
Intergovernmental	<u>56,156</u>
Total	<u>\$ 3,192,692</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 121,788	\$ -	\$ -	\$ 121,788
Total capital assets, not being depreciated	<u>121,788</u>	<u>-</u>	<u>-</u>	<u>121,788</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,800,857	-	-	1,800,857
Buildings and improvements	19,982,766	37,365	-	20,020,131
Furniture and equipment	2,592,698	12,305	-	2,605,003
Vehicles	<u>873,348</u>	<u>80,442</u>	<u>(42,871)</u>	<u>910,919</u>
Total capital assets, being depreciated	<u>25,249,669</u>	<u>130,112</u>	<u>(42,871)</u>	<u>25,336,910</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(944,464)	(97,478)	-	(1,041,942)
Buildings and improvements	(6,711,136)	(434,348)	-	(7,145,484)
Furniture and equipment	(2,171,989)	(75,326)	-	(2,247,315)
Vehicles	<u>(747,485)</u>	<u>(34,796)</u>	<u>42,871</u>	<u>(739,410)</u>
Total accumulated depreciation	<u>(10,575,074)</u>	<u>(641,948)</u>	<u>42,871</u>	<u>(11,174,151)</u>
Governmental activities capital assets, net	<u>\$ 14,796,383</u>	<u>\$ (511,836)</u>	<u>\$ -</u>	<u>\$ 14,284,547</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 321,012
Special	38,665
Vocational	2,987
 <u>Support services:</u>	
Pupil	4,860
Instructional staff	33,521
Administration	11,982
Fiscal	3,069
Operations and maintenance	52,692
Pupil transportation	35,182
Other non-instructional services	9,950
Extracurricular activities	96,869
Food service operations	<u>31,159</u>
 Total depreciation expense	 <u><u>\$ 641,948</u></u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During a prior fiscal year, the District entered into capital lease agreements for copier equipment. The lease agreements meet the criteria of capital leases as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$21,920. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2012 was \$8,519, leaving a current book value of \$13,401. A corresponding liability was recorded on the statement of net assets. Principal and interest payments in the 2012 fiscal year totaled \$5,399 and \$1,013, respectively, paid by the general fund.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2013	\$ 6,412
2014	3,444
2015	2,850
2016	<u>950</u>
Total minimum lease payments	13,656
Less: Amount representing interest	<u>(1,148)</u>
Total	<u>\$ 12,508</u>

**NOTE 10 - LEASE-PURCHASE AGREEMENT**

On June 15, 2001, the District entered into a lease-purchase agreement with Banc One Leasing Corporation for the financing of the reconstruction and improvement of Lee Stadium, which includes bleachers, new all-weather track facilities and a concession/restroom building. The source of revenue to fund the principal and interest payments is derived from the Vernon and Edith Lee trust fund. The trust agreement stipulates that the monies donated to the District are to be used under the direction of the Board of Education for the maintenance, repair, construction and reconstruction to the District's athletic facilities. During fiscal year 2012, the District made principal payments totaling \$72,968 and interest payments totaling \$22,032 on the lease-purchase agreement. The lease payments are recorded as expenditures in the permanent fund (a nonmajor governmental fund).

A liability in the amount of the present value of minimum lease payments has been recorded in the statement of net assets. Capital assets consisting of land and building improvements have been capitalized in the amount of \$1,012,028. This amount represents the costs of the reconstruction and improvements of Lee Stadium funded by the lease-purchase agreement.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 95,000
2014	95,000
2015	95,000
2016	<u>79,734</u>
Total minimum lease payments	364,734
Less: amount representing interest	<u>(42,473)</u>
Total	<u>\$ 322,261</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the reconstruction and improvements of Lee Stadium are being made to Banc One Leasing Corporation. The District is the lessor and Banc One Leasing Corporation is the lessee under the ground-lease agreement. The sublease commenced on June 15, 2001 and terminates on June 15, 2021, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2012, the following activity occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/12</u>	<u>Due Within</u>
					<u>One Year</u>
<u>General obligation bonds</u>					
Current interest refunding bonds-series 2010	\$ 2,100,000	\$ -	\$ (180,000)	\$ 1,920,000	\$ 180,000
Capital appreciation refunding bonds-series 2010	9,998	-	-	9,998	-
Accreted interest-series 2010	<u>1,843</u>	<u>4,766</u>	<u>-</u>	<u>6,609</u>	<u>-</u>
Total general obligation bonds	<u>2,111,841</u>	<u>4,766</u>	<u>(180,000)</u>	<u>1,936,607</u>	<u>180,000</u>
Capital leases	17,907	-	(5,399)	12,508	5,765
Lease-purchase agreement payable	395,229	-	(72,968)	322,261	77,292
Compensated absences	<u>509,723</u>	<u>66,473</u>	<u>(142,234)</u>	<u>433,962</u>	<u>64,524</u>
Total long-term obligations	<u>\$ 3,034,700</u>	<u>\$ 71,239</u>	<u>\$ (400,601)</u>	<u>2,705,338</u>	<u>\$ 327,581</u>
				Add: Unamortized premium on bonds - 2010	124,469
				Less: Unamortized deferred charges - 2010	<u>(46,382)</u>
				Total reported on statement of net assets	<u>\$ 2,783,425</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid which, for the District, primarily includes the general fund, the food service fund and Title I fund (a nonmajor governmental fund).

**B. Series 2010 Refunding General Obligation Bonds**

On December 1, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to currently refund the callable portion of the Series 2001 school improvement general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded general obligation bonds at June 30, 2012, is \$1,929,998.

The refunding issue is comprised of both current interest bonds, par value \$2,100,000, and capital appreciation bonds par value \$9,998. The interest rates on the current interest bonds range from 2.00% - 4.25%. The capital appreciation bonds mature on December 1, 2019 (stated interest rate 36.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing each December 1, 2019 is \$210,000. Total accreted interest of \$6,609 has been included in the statement of net assets at June 30, 2012.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. Debt payments will be made from the bond retirement fund.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The reacquisition price exceeded the net carrying amount of the old debt by \$53,434. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 13 years by \$338,893 and resulted in an economic gain of \$212,481.

	Interest Rate	Balance Outstanding June 30, 2011	Additions	Reductions	Balance Outstanding June 30, 2012	Amounts Due in One Year
Current interest refunding bonds	2.00-4.25%	\$ 2,100,000	\$ -	\$(180,000)	\$ 1,920,000	\$ 180,000
Capital appreciation refunding bonds		9,998	-	-	9,998	-
Accreted interest		<u>1,843</u>	<u>4,766</u>	<u>-</u>	<u>6,609</u>	<u>-</u>
Total		<u>\$ 2,111,841</u>	<u>\$ 4,766</u>	<u>\$ (180,000)</u>	<u>\$ 1,936,607</u>	<u>\$ 180,000</u>

- C. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2010			Capital Appreciation Bonds - Refunding 2010		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 180,000	\$ 57,437	\$ 237,437	\$ -	\$ -	\$ -
2014	185,000	53,787	238,787	-	-	-
2015	185,000	49,856	234,856	-	-	-
2016	195,000	45,338	240,338	-	-	-
2017	195,000	39,975	234,975	-	-	-
2018 - 2022	830,000	113,987	943,987	9,998	200,002	210,000
2023	<u>150,000</u>	<u>3,188</u>	<u>153,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,920,000</u>	<u>\$ 363,568</u>	<u>\$ 2,283,568</u>	<u>\$ 9,998</u>	<u>\$ 200,002</u>	<u>\$ 210,000</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$6,944,119 (including available funds of \$314,230) and an unvoted debt margin of \$95,110.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for classified employees and 240 days for certified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 55 days for all classified employees and 60 days for certified employees.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to employees through Medical Life Insurance Company in the amount of \$30,000.

**C. Retirement Incentive**

A onetime retirement bonus in the amount of \$10,000 will be available to bargaining unit members who become first time eligible for retirement or reach 30 years of service under STRS guidelines and retire at the end of the school year in which they qualify. Payment shall be made the January following retirement. The District had no employees that took part in the retirement incentive in fiscal year 2012.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the District contracted with Ohio School Plan for property insurance, for fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and contents - replacement cost (\$1,000 deductible)	\$57,919,837
Automobile liability (Buses, \$1,000 deductible; Other, \$250/\$500 deductible)	5,000,000
Professional liability:	
Per occurrence	5,000,000
Per aggregate	7,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no reduction in coverage.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

For fiscal year 2012, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the Plan.

**C. Employee Group Life, Medical, Dental, and Vision Insurance**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$105,044 reported in the internal service fund at June 30, 2012, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2012	\$ 126,149	\$ 1,827,704	\$ (1,848,809)	\$ 105,044
2011	143,204	1,822,228	(1,839,283)	126,149

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Employers/Audit Resources*".

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 14 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$182,779, \$175,143 and \$197,522, respectively; 60.09 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 14 - PENSION PLANS - (Continued)**

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$570,071, \$582,883 and \$620,378, respectively; 85.95 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$14,252 made by the District and \$10,180 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each 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 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$36,906, \$44,600 and \$37,109, respectively; 60.09 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$10,794, \$11,271 and \$11,746, respectively; 60.09 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$43,852, \$44,837 and \$47,721, respectively; 85.95 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and food service fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Food Service Fund</u>
Budget basis	\$ (119,110)	\$ (146,139)
Net adjustment for revenue accruals	117,421	15,558
Net adjustment for expenditure accruals	39,626	(3,444)
Net adjustment for other sources/uses	(22,487)	(895)
Funds budgeted elsewhere	(4,587)	-
Adjustment for encumbrances	<u>420,604</u>	<u>18,466</u>
GAAP basis	<u>\$ 431,467</u>	<u>\$ (116,454)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 17 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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 year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 18 - SET-ASIDES - (Continued)**

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	191,058
Current year qualifying expenditures	(83,208)
Current year offsets	(38,847)
Prior year offset from bond proceeds	<u>(69,003)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

In prior fiscal years, the District issued \$3,037,000 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,709,300 at June 30, 2012.

**NOTE 19 - OPERATING LEASES - LESSEE DISCLOSURE**

The District has entered into a non-cancelable operating lease agreement for equipment which expires during fiscal year 2014. Equipment operating lease expenditures totaled \$26,160 in fiscal year 2012. The agreement provides for annual lease payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 26,160
2014	<u>6,540</u>
Total minimum lease payments	<u>\$ 32,700</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 20 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 373,360
Food service	18,466
Other governmental	<u>19,146</u>
Total	<u>\$ 410,972</u>

**NOTE 21 - SUBSEQUENT EVENTS**

District Treasurer Mr. Dan Stocker announced that his final day with the District will be December 31, 2012.

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Passed Through Grantor/ Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>(Passed through the Ohio Department of Education)</i>						
<i>Child Nutrition Cluster:</i>						
Non-Cash Assistance (Food Program): National School Lunch Program (NSLP)	N/A	10.555		\$14,550		\$14,550
Cash Assistance: School Breakfast Program (SBP)	N/A	10.553	\$97,587		\$97,587	
National School Lunch Program (NSLP)	N/A	10.555	260,010		260,010	
<i>Total Child Nutrition Cluster</i>			357,597	14,550	357,597	14,550
<i>Total U.S. Department of Agriculture</i>			357,597	14,550	357,597	14,550
<b>U.S. Department of Education</b>						
<i>(Passed Through the Ohio Department of Education)</i>						
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	C1S111	84.010	22,444		32,481	
Title I Grants to Local Educational Agencies	C1S112	84.010	318,819		307,889	
ARRA-Title I Grants to Local Educational Agencies	C1S111	84.389			2,106	
<i>Total Title I, Part A Cluster</i>			341,263		342,476	
<i>Special Education Cluster (IDEA):</i>						
Special Education - Grants to States (IDEA part B)	6BSF11	84.027	22,633		14,035	
Special Education - Grants to States (IDEA part B)	6BSF12	84.027	208,459		208,382	
ARRA-Special Education - Grants to States (IDEA part B)	6BSF11	84.391	0		291	
<i>Total Special Education Cluster (IDEA)</i>			231,092		222,708	
Rural Education		84.358	20,379		18,956	
Safe and Drug Free Schools and Community State Grant	DRS111	84.186			410	
<i>Education Technology State Grants Cluster:</i>						
Educational Technology State Grants	TJS111	84.318	100			
Educational Technology State Grants	TJS112	84.318	2,760		1,231	
ARRA-Educational Technology State Grants	TJS111	84.386			10,395	
<i>Total Education Technology State Grants Cluster</i>			2,860		11,626	
Title II-A Improving Teacher Quality State Grants	TRS111	84.367	12,502		14,674	
Title II-A Improving Teacher Quality State Grants	TRS112	84.367	88,466		81,743	
<i>Total Title II-A Improving Teacher Quality State Grants</i>			100,968		96,417	
ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants	N/A	84.394			49,581	
ARRA-Race to the Top - Early Learning Challenge	2011	84.395	1,050		1,050	
Education Jobs Fund	N/A	84.410	311,883		334,823	
<i>Total U.S. Department of Education</i>			1,009,495		1,078,047	
<b>U.S. Department of Health and Human Services</b>						
<i>(Passed Through the Ohio Department of Developmental Disabilities)</i>						
Community Alternative Funding Program	N/A	93.778	897			
<i>Total U.S. Department of Health and Human Services</i>			897		0	
<b>Total</b>			<b>\$1,367,989</b>	<b>\$14,550</b>	<b>\$1,435,644</b>	<b>\$14,550</b>

See Accompanying Notes to the Federal Awards Receipts and Expenditures Schedule.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Newcomerstown Exempted Village School District's (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C - FOOD DONATION DISTRIBUTION**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.





# Dave Yost • Auditor of State

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

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 S. River Street  
Newcomerstown, Ohio 43832

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 the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

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



**Dave Yost**  
Auditor of State

January 4, 2013



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 S. River Street  
Newcomerstown, Ohio 43832

To the Board of Education:

### Compliance

We have audited the compliance of Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Newcomerstown Exempted Village School District's major federal programs for the year ended June 30, 2012. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 District's compliance with these 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 District's compliance with these requirements

In our opinion, Newcomerstown Exempted Village School District, Tuscarawas County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

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



**Dave Yost**  
Auditor of State

January 4, 2013

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #10.553 and #10.555 – Child Nutrition Cluster CFDA #84.410 – Education Jobs
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**1. Ohio Rev. Code Section 5705.10(H)**

<i>Finding Number</i>	2012-001
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NONCOMPLIANCE

**Ohio Rev. Code Section 5705.10(H)** requires that monies paid into any fund be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Throughout fiscal year 2012 and as of June 30, 2012, the Food Service Fund, Vernon & Edith Lee Trust Fund and the Uniform School Supply Fund incurred negative cash fund balances ranging between \$463,629 to \$481,441, \$5,497 and \$58,066 and \$5,264 and \$7,672, respectively. As a result, monies from other funds were used to cover the obligations incurred by these funds.

The District should monitor receipts and disbursements on a regular basis to ensure a sufficient fund balance exists before authorizing the expenditure of funds. In those cases where additional funds were required, the resources should either be transferred or advanced to that fund from the General Fund to help avoid a negative cash fund balance.

**2. Ohio Rev. Code Section 5705.41 (B)**

<i>Finding Number</i>	2012-002
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NONCOMPLIANCE

**Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. At June 30, 2012, fund level expenditures exceeded appropriations in the Food Service Fund by \$499,416.

The Treasurer should frequently compare actual expenditures to appropriations at the fund level to help avoid overspending. This will help strengthen the District's ability to effectively monitor actual expenditures versus appropriations.

**Official's Response:** The District has elected not to respond.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2011-001	Ohio Rev. Code Section 5705.10(H), the district had a negative fund balance in the Food Service Fund and the Vernon and Edith Lee Trust Fund.	No	Not Corrected. See Finding 2012-001.
2011-002	Ohio Rev. Code Section 5705.41(B), the fund level expenditures exceeded appropriations within the Food Service Fund.	No	Not Corrected. See Finding 2012-002.

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# Dave Yost • Auditor of State

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT**

**TUSCARAWAS 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  
FEBRUARY 5, 2013**