



**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2013



Dave Yost • Auditor of State

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Crooksville Exempted Village School District
Perry County
4065 School Drive
Crooksville, Ohio 43731

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crooksville Exempted Village School District, Perry County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Crooksville Exempted Village School District, Perry County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

The discussion and analysis of Crooksville Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- ❑ Net position decreased \$1,197,812, or 12.4% from 2012.
- ❑ General revenues accounted for \$8,332,067 in revenue or 73.1% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,071,024 or 26.9% of total revenues of \$11,403,091.
- ❑ The District had \$12,600,903 in expenses related to governmental activities; only \$3,071,024 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,332,067 were not adequate to provide for these programs.
- ❑ The District's General Fund had \$9,836,994 in revenues and other financing sources and \$9,750,691 in expenditures. The General Fund's fund balance increased \$86,303 to a balance of \$49,939.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net-position (the difference between the District's assets and liabilities and deferred inflows of resources) are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category of its activities:

Governmental Activities – The District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – 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 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – The District uses internal service funds to report activities that provide services for the District's other programs and activities. The proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for 2013 and 2012.

| | Governmental Activities | | Increase (Decrease) |
|----------------------------------|----------------------------|------------------|------------------------|
| | 2013 | Restated 2012 | |
| Current and other assets | \$4,053,064 | \$4,949,970 | (\$896,906) |
| Capital assets, Net | 8,753,618 | 9,404,635 | (651,017) |
| Total assets | 12,806,682 | 14,354,605 | (1,547,923) |
| Long-term debt outstanding | 1,584,921 | 1,684,853 | (99,932) |
| Other liabilities | 1,035,336 | 1,140,585 | (105,249) |
| Total liabilities | 2,620,257 | 2,825,438 | (205,181) |
| Deferred Inflows of Resources | 1,707,082 | 1,852,012 | (144,930) |
| Net position | | | |
| Net investment in capital assets | 7,654,955 | 8,234,271 | (579,316) |
| Restricted | 918,908 | 738,527 | 180,381 |
| Unrestricted | (94,520) | 704,357 | (798,877) |
| Total net position | \$8,479,343 | \$9,677,155 | (\$1,197,812) |

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2013 and 2012.

| | Governmental Activities | | Increase (Decrease) |
|---|----------------------------|--------------------|------------------------|
| | 2013 | 2012 | |
| Revenues | | | |
| Program revenues: | | | |
| Charges for Services and Sales | \$1,174,805 | \$1,034,456 | \$140,349 |
| Operating Grants and Contributions | 1,896,219 | 1,615,413 | 280,806 |
| General revenues: | | | |
| Property Taxes | 919,811 | 2,431,178 | (1,511,367) |
| Grants and Entitlements | 7,175,684 | 7,308,747 | (133,063) |
| Other | 236,572 | 129,360 | 107,212 |
| Total revenues | <u>11,403,091</u> | <u>12,519,154</u> | <u>(1,116,063)</u> |
| Program Expenses | | | |
| Instruction | 7,259,265 | 7,267,617 | (8,352) |
| Support Services: | | | |
| Pupils | 559,724 | 885,653 | (325,929) |
| Instructional Staff | 447,930 | 432,289 | 15,641 |
| Board of Education | 67,545 | 48,930 | 18,615 |
| Administration | 938,116 | 1,028,305 | (90,189) |
| Fiscal Services | 275,482 | 330,901 | (55,419) |
| Operation and Maintenance of Plant | 1,061,443 | 1,085,587 | (24,144) |
| Pupil Transportation | 710,248 | 656,669 | 53,579 |
| Central | 62,670 | 5,003 | 57,667 |
| Operation of Non-Instructional Services | 577,597 | 590,278 | (12,681) |
| Extracurricular Activities | 515,788 | 327,770 | 188,018 |
| Interest and Fiscal Charges | 125,095 | 75,810 | 49,285 |
| Total expenses | <u>12,600,903</u> | <u>12,734,812</u> | <u>(133,909)</u> |
| Total Change in Net Position | (1,197,812) | (215,658) | (982,154) |
| Restatement of Capital Assets | 0 | 344,002 | (344,002) |
| Beginning Net Position, Restated | <u>9,677,155</u> | <u>9,548,811</u> | <u>128,344</u> |
| Ending Net Position | <u>\$8,479,343</u> | <u>\$9,677,155</u> | <u>(\$1,197,812)</u> |

Governmental Activities

Net position of the District's governmental activities decreased by \$1,197,812.

The 2013 decrease in tax revenues is a result of an inflated delinquent balance reported in 2012 by the County Auditor. The subsequent reversing of the balance was not substantiated on a cash basis and has artificially reduced tax revenues in an equal amount relative to their overstatement in 2012. The entity wide statement of net position for 2013 records the proper balances at fiscal year-end. Therefore, revenues decreased by 8.9% while expenses decreased 1%.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

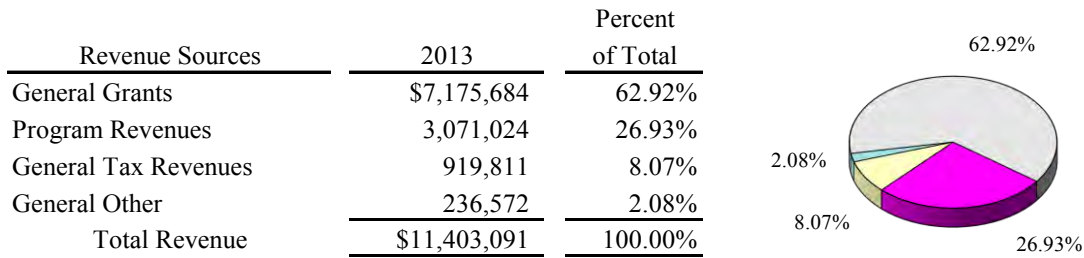
***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

Expenses related to Governmental Activities decreased \$133,909 from 2012. Pupil support services saw the largest decrease at \$325,929 followed by \$90,189 in administrative expenses. The reduction in pupil support services resulted from a shift in grant funded expenditures from pupil support services to increases in instructional salaries, benefits, and supplies that are now being paid from grants. Extracurricular and Central expenditures increased by \$188,018 and \$57,667 respectively. Extracurricular increases resulted from coding changes made by Treasurer to align with the Uniform School Accounting System (USAS) coding system, and increased activities in the District managed activity funds for the district.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 8.07% of revenues for governmental activities for Crooksville Exempted Village Schools in fiscal year 2013. The District's reliance upon grant revenues is demonstrated by the following graph:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$885,982 which is more than last year's balance of \$624,718. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2013 and 2012.

| | Fund Balance June 30, 2013 | Fund Balance June 30, 2012 | Increase (Decrease) |
|--------------------|-------------------------------|-------------------------------|------------------------|
| General | \$49,939 | (\$36,364) | \$86,303 |
| Bond Retirement | 641,522 | 532,586 | 108,936 |
| Other Governmental | 194,521 | 128,496 | 66,025 |
| Total | <u>\$885,982</u> | <u>\$624,718</u> | <u>\$261,264</u> |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

General Fund –The tables that follow assist in illustrating the financial activities and balance of the General Fund:

| | 2013 Revenues | 2012 Revenues | Increase (Decrease) |
|-----------------------------|--------------------|--------------------|------------------------|
| Taxes | \$1,493,175 | \$1,533,036 | (\$39,861) |
| Tuition | 834,176 | 655,869 | 178,307 |
| Investment Earnings | 7,922 | 13,510 | (5,588) |
| Extracurricular Activities | 17,461 | 52,905 | (35,444) |
| Class Materials and Fees | 165 | 1,376 | (1,211) |
| Intergovernmental - State | 7,135,155 | 7,222,006 | (86,851) |
| Intergovernmental - Federal | 18,817 | 65,248 | (46,431) |
| All Other Revenue | 137,137 | 99,734 | 37,403 |
| Total | \$9,644,008 | \$9,643,684 | \$324 |

General Fund revenues remained flat overall in 2013. Tuition increases are a result of additional students attending the district on open enrollment. The district has focused on open enrollment as a way to address declining enrollment in the district. The tuition increase helped to offset the decreases in other revenue sources.

| | 2013 Expenditures | 2012 Expenditures | Increase (Decrease) |
|----------------------------------|----------------------|----------------------|------------------------|
| Instruction | \$5,805,844 | \$5,887,353 | (\$81,509) |
| Supporting Services: | | | |
| Pupils | 387,404 | 461,038 | (73,634) |
| Instructional Staff | 312,761 | 221,979 | 90,782 |
| Board of Education | 67,545 | 47,184 | 20,361 |
| Administration | 861,499 | 955,830 | (94,331) |
| Fiscal Services | 280,309 | 280,236 | 73 |
| Operation & Maintenance of Plant | 967,585 | 927,434 | 40,151 |
| Pupil Transportation | 667,825 | 613,425 | 54,400 |
| Central | 57,373 | 0 | 57,373 |
| Extracurricular Activities | 256,235 | 157,380 | 98,855 |
| Capital Outlay | 7,366 | 477,739 | (470,373) |
| Debt Service | | | |
| Principal Retirement | 55,340 | 64,063 | (8,723) |
| Interest and Fiscal Charges | 23,605 | 37,276 | (13,671) |
| Total | \$9,750,691 | \$10,130,937 | (\$380,246) |

The expenditures decreased by \$380,246 or 3.8% compared to the prior year mostly due to decreased capital outlay and administrative expenditures. \$320,000 of the capital outlay in 2012 consisted of expenditures related to the H.B. 264 Energy Conservation project.

Bond Retirement Fund – The fund increased due to higher tax collections and lower debt service expenditures.

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.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

During the course of fiscal year 2013 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was decreased \$175,001 from original budget estimates of \$9.9 million to account for lower State funding and tax receipts. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013 the District had \$8,753,618 net of accumulated depreciation invested in land, buildings, machinery, equipment and vehicles. The following table shows fiscal year 2013 and 2012 balances:

| | Governmental Activities | Restated 2012 | Increase (Decrease) |
|---|----------------------------|------------------|------------------------|
| Land | \$98,680 | \$98,680 | \$0 |
| Land Improvements | 645,043 | 645,043 | 0 |
| Buildings and Improvements | 17,175,692 | 17,175,692 | 0 |
| Machinery/Equipment and Furniture/Fixtures | 2,117,218 | 2,114,218 | 3,000 |
| Vehicles | 737,282 | 737,282 | 0 |
| Less: Accumulated Depreciation | (12,020,297) | (11,366,280) | (654,017) |
| Totals | \$8,753,618 | \$9,404,635 | (\$651,017) |

Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2013, the District had \$1,064,639 in bonds outstanding, \$65,271 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2013:

| | 2013 | 2012 |
|-------------------------------|-------------|-------------|
| General Obligation Bonds: | | |
| Classroom Facilities | \$9,639 | \$16,000 |
| General Bond | 175,000 | 205,000 |
| Refunding Bond | 600,000 | 610,000 |
| Energy Conservation Bond | 280,000 | 295,000 |
| Total General Obligation Bond | 1,064,639 | 1,126,000 |
| Capital Leases | 34,024 | 44,364 |
| Compensated Absences | 486,258 | 514,489 |
| Totals | \$1,584,921 | \$1,684,853 |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2013, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

At Crooksville Exempted Village Schools, we have been working hard to make positive changes in our programs while reducing district expenditures to address the current fiscal climate. We have been making changes and receiving positive feedback. Crooksville Exempted Village School District staff members continue to actively pursue grant opportunities, professional development and the gathering of assessment data on each and every student. All of these efforts focus on improving student performance and reducing district expenses.

At a time when state and federal mandates are increasing, the state and federal governments have continued to make financial cuts to school districts and local entities. School districts are thus being forced to apply for grants to supplant these dollars or find ways to reduce cost. Funding increases from the State of Ohio are going to increase significantly in fiscal year 2014 and 2015 for the district. This will aid the district's financial position in the next two to three years. However, enrollment is expected to decline in the coming years as a result of census data calculations, and as property values increase due to reevaluations and pipeline expansion, the district will become relatively wealthier within the state and the increases in funding formula recognized in fiscal years 2014 and 2015, will decline significantly. Without changes in the State of Ohio's school funding formula for fiscal years 2016 and beyond, the district will likely see funding return to fiscal 2013 levels by fiscal year 2018.

As a result of operational cost increasing at a higher rate than revenues and the fact that Crooksville Exempted Village School District has not approved an operating levy since 1979, our carryover dollars have continued to decrease each of the past three years. The district's spending each of the last three fiscal years has exceeded the revenues from state, local and federal programs. Thanks to fiscal responsibility of the district, increased open enrollment dollars, and grants in aid, the district has managed to stay in the black on a cash basis; and is back in the black in fiscal year 2013 on a GAAP basis.

Each October, the district is responsible for filing with the Ohio Department of Education a five year forecast of funding. This forecast is based on predictions and assumptions relating to the school district's expenditures and funding sources for the General Fund. The new state fiscal year 2014 funding formula will provide Crooksville Exempted Village School District with approximately \$7,412,317 in Unrestricted Grants-in-Aid in fiscal year 2014, up 7.4% from fiscal year 2013, and \$7,889,488 in fiscal year 2015, up 6.4% from fiscal year 2014. 73% of General Fund revenues will come from state unrestricted grants-in-aid, up from 70% in fiscal year 2013. The remaining 27% will be provided by local operating levies, taxes and miscellaneous revenues. The district is projected to receive approximately \$54,000 in fiscal year 2014 from Ohio's Casino Tax. As one can see, the district is heavily dependent upon the state foundation program and federal dollars for operating the district. The state foundation program is slated for another revision in fiscal year 2016 and the district will once again work with the State Legislature to try and express the need for increased share of state funding in rural low-wealth districts, like Crooksville. The Crooksville Exempted Village School District, Board of Education and administration will continue to closely monitor spending and revenues to make the necessary decisions ensuring that the district remains fiscally sound.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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 Robert Ogg, Jr., CPA, Treasurer of Crooksville Exempted Village School District.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Net Position
June 30, 2013

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 1,454,838 |
| Receivables: | |
| Taxes | 2,116,419 |
| Accounts | 26,237 |
| Intergovernmental | 301,664 |
| Inventory of Supplies at Cost | 3,176 |
| Prepaid Items | 129,271 |
| Restricted Assets: | |
| Cash and Cash Equivalents | 21,459 |
| Capital Assets Not Being Depreciated | 98,680 |
| Capital Assets Being Depreciated, Net | 8,654,938 |
| Total Assets | <u>12,806,682</u> |
| Liabilities: | |
| Accounts Payable | 51,228 |
| Accrued Wages and Benefits | 786,815 |
| Intergovernmental Payable | 137,804 |
| Matured Bonds & Interest Payable | 21,459 |
| Accrued Interest Payable | 38,030 |
| Long Term Liabilities: | |
| Due Within One Year | 161,542 |
| Due in More Than One Year | 1,423,379 |
| Total Liabilities | <u>2,620,257</u> |
| Deferred Inflows of Resources: | |
| Property Tax Levy for Next Fiscal Year | <u>1,707,082</u> |
| Net Position: | |
| Net Investment in Capital Assets | 7,654,955 |
| Restricted For: | |
| Capital Projects | 30,162 |
| Debt Service | 631,198 |
| Other Purposes | 257,548 |
| Unrestricted (Deficit) | (94,520) |
| Total Net Position | <u>\$ 8,479,343</u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Activities
For the Fiscal Year Ended June 30, 2013

| | | Program Revenues | | Net (Expense) |
|---|----------------------|---------------------|---------------------|--------------------|
| | | | | Revenue and |
| | | | | Changes in |
| | | | | Net Position |
| | Expenses | Charges for | Operating Grants | Governmental |
| | | Services and Sales | and Contributions | Activities |
| Governmental Activities: | | | | |
| Instruction | \$ 7,259,265 | \$ 834,341 | \$ 1,039,416 | \$ (5,385,508) |
| Support Services: | | | | |
| Pupils | 559,724 | 0 | 201,434 | (358,290) |
| Instructional Staff | 447,930 | 0 | 53,028 | (394,902) |
| Board of Education | 67,545 | 0 | 0 | (67,545) |
| Administration | 938,116 | 0 | 68,536 | (869,580) |
| Fiscal Services | 275,482 | 0 | 3,095 | (272,387) |
| Operation and Maintenance of Plant | 1,061,443 | 0 | 67,978 | (993,465) |
| Pupil Transportation | 710,248 | 0 | 0 | (710,248) |
| Central | 62,670 | 0 | 5,400 | (57,270) |
| Operation of Non-Instructional Services | 577,597 | 144,012 | 457,332 | 23,747 |
| Extracurricular Activities | 515,788 | 196,452 | 0 | (319,336) |
| Interest and Fiscal Charges | 125,095 | 0 | 0 | (125,095) |
| Totals | \$ 12,600,903 | \$ 1,174,805 | \$ 1,896,219 | (9,529,879) |

General Revenues

Property Taxes Levied for:

| | |
|---|---------------------|
| General Purposes | 787,682 |
| Debt Service | 113,572 |
| Other Purposes | 18,557 |
| Grants and Entitlements not Restricted to Specific Programs | 7,175,684 |
| Investment Earnings | 8,043 |
| Miscellaneous | 228,529 |
| Total General Revenues | 8,332,067 |
| Change in Net Position | (1,197,812) |
| Net Position Beginning of Year, Restated | 9,677,155 |
| Net Position End of Year | \$ 8,479,343 |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Balance Sheet
Governmental Funds
June 30, 2013**

| | General | Bond Retirement Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 554,970 | \$ 627,982 | \$ 271,886 | \$ 1,454,838 |
| Receivables: | | | | |
| Taxes | 1,918,319 | 188,929 | 9,171 | 2,116,419 |
| Accounts | 26,220 | 0 | 17 | 26,237 |
| Intergovernmental | 26,529 | 0 | 275,135 | 301,664 |
| Interfund Loan Receivable | 109,064 | 0 | 0 | 109,064 |
| Inventory Held for Resale | 0 | 0 | 3,176 | 3,176 |
| Prepaid Items | 113,342 | 0 | 15,929 | 129,271 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 0 | 21,459 | 0 | 21,459 |
| Total Assets | \$ 2,748,444 | \$ 838,370 | \$ 575,314 | \$ 4,162,128 |
| Liabilities: | | | | |
| Accounts Payable | \$ 42,712 | \$ 0 | \$ 8,516 | \$ 51,228 |
| Accrued Wages and Benefits | 690,150 | 0 | 96,665 | 786,815 |
| Intergovernmental Payable | 114,534 | 0 | 23,270 | 137,804 |
| Matured Bonds and Interest Payable | 0 | 21,459 | 0 | 21,459 |
| Interfund Loans Payable | 0 | 0 | 109,064 | 109,064 |
| Compensated Absences Payable | 51,051 | 0 | 0 | 51,051 |
| Total Liabilities | 898,447 | 21,459 | 237,515 | 1,157,421 |
| Deferred Inflows of Resources: | | | | |
| Unavailable Amounts | 0 | 0 | 137,386 | 137,386 |
| Property Tax Levy for Next Fiscal Year | 1,800,058 | 175,389 | 5,892 | 1,981,339 |
| Total Deferred Inflows of Resources | 1,800,058 | 175,389 | 143,278 | 2,118,725 |
| Fund Balances: | | | | |
| Nonspendable | 113,342 | 0 | 19,105 | 132,447 |
| Restricted | 0 | 641,522 | 204,745 | 846,267 |
| Assigned | 96,713 | 0 | 0 | 96,713 |
| Unassigned | (160,116) | 0 | (29,329) | (189,445) |
| Total Fund Balances | 49,939 | 641,522 | 194,521 | 885,982 |
| Total Liabilities, Deferred Inflows of Resources and Funds Balances | \$ 2,748,444 | \$ 838,370 | \$ 575,314 | \$ 4,162,128 |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2013

| | | |
|--|-------------|---------------------|
| Total Governmental Fund Balances | \$ | 885,982 |
| <i>Amounts reported for governmental activities in the statement of net position are different because</i> | | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | | 8,753,618 |
| Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds. | | 411,643 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General Obligation Bonds Payable | (1,064,639) | |
| Capital Lease Payable | (34,024) | |
| Compensated Absences Payable | (435,207) | |
| Accrued Interest Payable | (38,030) | (1,571,900) |
| <i>Net Position of Governmental Activities</i> | <u></u> | <u>\$ 8,479,343</u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2013

| | General | Bond Retirement Fund | Other Governmental Funds | Total Governmental Funds |
|---|------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 1,493,175 | \$ 188,837 | \$ 31,176 | \$ 1,713,188 |
| Tuition | 834,176 | 0 | 0 | 834,176 |
| Investment Earnings | 7,922 | 0 | 121 | 8,043 |
| Food Services | 0 | 0 | 144,012 | 144,012 |
| Extracurricular Activities | 17,461 | 0 | 178,991 | 196,452 |
| Class Materials and Fees | 165 | 0 | 0 | 165 |
| Intergovernmental - State | 7,135,155 | 21,712 | 182,283 | 7,339,150 |
| Intergovernmental - Federal | 18,817 | 0 | 1,630,465 | 1,649,282 |
| All Other Revenue | 137,137 | 0 | 91,392 | 228,529 |
| Total Revenue | 9,644,008 | 210,549 | 2,258,440 | 12,112,997 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 5,805,844 | 0 | 957,205 | 6,763,049 |
| Supporting Services: | | | | |
| Pupils | 387,404 | 0 | 185,191 | 572,595 |
| Instructional Staff | 312,761 | 0 | 52,690 | 365,451 |
| Board of Education | 67,545 | 0 | 0 | 67,545 |
| Administration | 861,499 | 0 | 72,880 | 934,379 |
| Fiscal Services | 280,309 | 5,763 | 3,090 | 289,162 |
| Operation & Maintenance of Plant | 967,585 | 0 | 83,579 | 1,051,164 |
| Pupil Transportation | 667,825 | 0 | 19,834 | 687,659 |
| Central | 57,373 | 0 | 5,297 | 62,670 |
| Operation of Non-Instructional Services | 0 | 0 | 564,854 | 564,854 |
| Extracurricular Activities | 256,235 | 0 | 239,387 | 495,622 |
| Capital Outlay | 7,366 | 0 | 0 | 7,366 |
| Debt Service: | | | | |
| Principal Retirement | 55,340 | 16,361 | 0 | 71,701 |
| Interest & Fiscal Charges | 23,605 | 79,489 | 0 | 103,094 |
| Total Expenditures | 9,750,691 | 101,613 | 2,184,007 | 12,036,311 |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | (106,683) | 108,936 | 74,433 | 76,686 |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

| | <u>General</u> | <u>Bond Retirement Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---------------------------------|---|---|
| Other Financing Sources (Uses): | | | | |
| Transfers In | 192,986 | 0 | 0 | 192,986 |
| Total Other Financing Sources (Uses) | <u>192,986</u> | <u>0</u> | <u>0</u> | <u>192,986</u> |
| Net Change in Fund Balance | 86,303 | 108,936 | 74,433 | 269,672 |
| Fund Balances (Deficits) at Beginning of Year | (36,364) | 532,586 | 128,496 | 624,718 |
| Decrease in Inventory Reserve | 0 | 0 | (8,408) | (8,408) |
| Fund Balances End of Year | <u>\$ 49,939</u> | <u>\$ 641,522</u> | <u>\$ 194,521</u> | <u>\$ 885,982</u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, 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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 269,672

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 exceeded capital outlays in the current period.

| | | |
|----------------------|------------------|-----------|
| Capital Outlay | 3,000 | |
| Depreciation Expense | <u>(654,017)</u> | (651,017) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (709,906)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, has no effect on net position.

| | | |
|---|---------------|--------|
| General Obligation Bond Principal Payment | 61,361 | |
| Payment on Capital Lease | <u>10,340</u> | 71,701 |

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (22,001)

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

| | | |
|----------------------|----------------|--------|
| Compensated Absences | 61,593 | |
| Change in Inventory | <u>(8,408)</u> | 53,185 |

The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (209,446)

Change in Net Position of Governmental Activities **\$ (1,197,812)**

See accompanying notes to the basic financial statements

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, 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, 2013**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 1,538,307 | \$ 1,494,307 | \$ 1,471,899 | \$ (22,408) |
| Tuition | 728,000 | 728,000 | 834,176 | 106,176 |
| Investment Earnings | 13,500 | 9,000 | 7,922 | (1,078) |
| Class Material and Fees | 750 | 750 | 165 | (585) |
| Intergovernmental - State | 7,288,077 | 7,288,077 | 7,135,155 | (152,922) |
| Intergovernmental - Federal | 48,000 | 48,000 | 32,786 | (15,214) |
| All Other Revenues | 97,090 | (29,411) | 77,317 | 106,728 |
| Total Revenues | <u>9,713,724</u> | <u>9,538,723</u> | <u>9,559,420</u> | <u>20,697</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 5,814,548 | 5,861,971 | 5,845,892 | 16,079 |
| Support Services: | | | | |
| Pupils | 389,494 | 402,919 | 401,460 | 1,459 |
| Instructional Staff | 292,303 | 313,626 | 312,195 | 1,431 |
| Board of Education | 53,146 | 88,595 | 81,368 | 7,227 |
| Administration | 876,338 | 886,225 | 883,225 | 3,000 |
| Fiscal Services | 280,948 | 294,564 | 291,050 | 3,514 |
| Operation and Maintenance of Plant | 942,138 | 1,017,351 | 1,015,544 | 1,807 |
| Pupil Transportation | 621,399 | 693,458 | 689,343 | 4,115 |
| Central | 15,000 | 60,660 | 59,740 | 920 |
| Extracurricular Activities | 199,862 | 207,937 | 205,649 | 2,288 |
| Capital Outlay | 23,250 | 23,250 | 23,000 | 250 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 45,000 | 45,000 | 0 |
| Interest and Fiscal Charges | 0 | 18,442 | 18,311 | 131 |
| Total Expenditures | <u>9,508,426</u> | <u>9,913,998</u> | <u>9,871,777</u> | <u>42,221</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 205,298 | (375,275) | (312,357) | 62,918 |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------|--------------|------------|---|
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 0 | 0 | 3,000 | 3,000 |
| Transfers In | 192,986 | 192,986 | 192,986 | 0 |
| Advances Out | 0 | (40,000) | (40,000) | 0 |
| Refund of Prior Year's Receipts | 0 | (84,000) | 0 | 84,000 |
| Total Other Financing Sources (Uses): | 192,986 | 68,986 | 155,986 | 87,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) | | | | |
| Expenditures and Other Financing Uses | 398,284 | (306,289) | (156,371) | 149,918 |
| Fund Balance at Beginning of Year | 533,936 | 533,936 | 533,936 | 0 |
| Prior Year Encumbrances | 112,096 | 112,096 | 112,096 | 0 |
| Fund Balance at End of Year | \$ 1,044,316 | \$ 339,743 | \$ 489,661 | \$ 149,918 |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013***

| | Governmental Activities - Internal Service Fund |
|---|--|
| Total Operating Revenues | <u>\$ 0</u> |
| Operating Expenses: | |
| Contractual Services | <u>16,460</u> |
| Total Operating Expenses | <u>16,460</u> |
| Net Income (Loss) before Contributions and Operating Transfers | (16,460) |
| Transfers Out | <u>(192,986)</u> |
| Change in Net Position | (209,446) |
| Net Position Beginning of Year | <u>209,446</u> |
| Net Position End of Year | <u><u>\$ 0</u></u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2013

| | Governmental Activities - Internal Service Fund |
|---|--|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Payments for Services | (16,460) |
| Net Cash Used for Operating Activities | <u>(16,460)</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | |
| Transfers Out | (192,986) |
| Net Cash Used by Noncapital Financing Activities | <u>(192,986)</u> |
| Net Decrease in Cash and Cash Equivalents | (209,446) |
| Cash and Cash Equivalents at Beginning of Year | <u>209,446</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$0</u></u> |
| | |
| <u>Reconciliation of Operating Loss to Net Cash</u> | |
| <u>Used for Operating Activities:</u> | |
| Operating Loss | (16,460) |
| Net Cash Used for Operating Activities | <u><u>(16,460)</u></u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Net Position
Fiduciary Funds
June 30, 2013***

| | Private Purpose Trust Fund | Agency Funds |
|-----------------------------|-------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and Cash Equivalents | \$ 37,537 | \$ 36,537 |
| Total Assets | <u>37,537</u> | <u>36,537</u> |
| Liabilities: | | |
| Due to Others | 0 | 1,796 |
| Due to Students | 0 | 34,741 |
| Total Liabilities | <u>0</u> | <u>36,537</u> |
| Net Position: | | |
| Restricted for Scholarships | <u>37,537</u> | <u>0</u> |
| Total Net Position | <u>\$ 37,537</u> | <u>\$ 0</u> |

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013***

| | <u>Private Purpose Trust Fund</u> |
|-----------------------------------|---------------------------------------|
| Additions: | |
| Contributions: | |
| Private Donations | \$ 11,836 |
| Total Additions | <u>11,836</u> |
| Deductions: | |
| Administrative Expenses | <u>8,100</u> |
| Total Deductions | <u>8,100</u> |
| Change in Net Position | 3,736 |
| Net Position at Beginning of Year | <u>33,801</u> |
| Net Position End of Year | <u>\$ 37,537</u> |

See accompanying notes to the basic financial statements

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Crooksville Exempted Village Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by 38 noncertified, 74 certified teaching personnel and 9 administrative employees providing education to 1,099 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units.

The District is a participant in three jointly governed organizations, the Licking Area Computer Association (LACA), the Mid-East Ohio Career Center and the Coalition of Rural and Appalachian Schools. See Note 15, "Jointly Governed Organizations." The District is also a participant in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program which is sponsored by the Ohio School Boards Association (OSBA), see Note 17.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Funds - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Internal Service Fund - Internal service funds are 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 Self Insurance Fund accounts for the interfund charges and claim payments applicable to the employee health and dental plans. The District is no longer self-insured and the 2013 statements reflect the end of the fund's operations.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary 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 therefore not available to support the District's own programs. The District's trust fund is a private-purpose trust that accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation. The District's agency fund is used to account for monies for student activities.

C. Basis of Presentation - Financial Statements

Government-wide Financial Statements - The statement of net position 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 activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees and interest on investments.

Current property taxes measurable at June 30, 2013, and which are not intended to finance fiscal 2013 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 30 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, agency funds and the private-purpose trust funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Revenues – Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund and major special revenue funds are required to be reported. The primary level of budgetary control is at the fund level for all funds except for the General Fund which is at the object level. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during fiscal year 2013.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the object level for the general fund and at the fund level for all other funds. The appropriation resolution may be amended during the year as additional information becomes available, provided that appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. 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 appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on a budgetary basis.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

| | Net Change in Fund Balance |
|--|----------------------------|
| | General Fund |
| GAAP Basis (as reported) | \$86,303 |
| Increase (Decrease): | |
| Accrued Revenues at June 30, 2013, received during FY 2014 | (171,010) |
| Accrued Revenues at June 30, 2012, received during FY 2013 | 113,030 |
| Accrued Expenditures at June 30, 2013, paid during FY 2014 | 898,447 |
| Accrued Expenditures at June 30, 2012, paid during FY 2013 | (949,482) |
| FY 2012 Prepays for FY 2013 | 96,990 |
| FY 2013 Prepays for FY 2014 | (113,342) |
| Encumbrances Outstanding 2013 Advance Activity | (40,000) |
| Perspective Difference: | |
| Activity of Funds Reclassified for GAAP Reporting Purposes | 30,502 |
| Budget Basis | <u>(\$156,371)</u> |

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreement and certificates of deposit) which are reported at cost, which approximates fair value. See Note 5, "Cash, Cash Equivalents and Investments."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$1,500.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (in years)</u> |
|--|-----------------------------------|
| Land Improvements | 15-20 |
| Buildings and Improvements | 40 |
| Machinery/Equipment and Furniture/Fixtures | 5-20 |
| Vehicles | 8 |

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

| <u>Obligation</u> | <u>Fund</u> |
|--------------------------|--|
| General Obligation Bonds | General Fund Bond Retirement Fund |
| Capital Leases | General Fund |
| Compensated Absences | General Fund Food Services Fund Preschool Grant Fund Title I Fund Miscellaneous Federal Grants Fund |

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees earn 1.25 days of sick leave per month of service up to a maximum of 240 days for STRS employees and 240 days for SERS employees. Upon retirement, employees that pay into STRS will receive up to 25% of the accumulated sick leave up to a maximum of 60 days and employees that pay into SERS will receive up to 25% of the accumulated sick leave up to a maximum of 60 days. Administrators earn sick leave up to 240 days and will be paid up to 25% of accumulated sick leave up to a maximum of 60 days.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

L. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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. 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.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

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 or 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 the District Board of Education.

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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

N. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred. Pension liabilities expected to be paid from current available financial resources are recorded as a fund liability.

O. Interfund Transactions

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District reports no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF NET POSITION

A. Change in Accounting Principle

For 2013 the District implemented GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

B. Restatement of Net Position

The District had a reappraisal of capital assets completed during fiscal year 2013. The result of the reappraisal required capital assets to be restated as of July 1, 2012. Both, net capital assets and net position were increased by \$344,002.

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | General Fund | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------|-----------------|------------------|--------------------------|--------------------------|
| Nonspendable: | | | | |
| Supplies Inventory | \$0 | \$0 | \$3,176 | \$3,176 |
| Prepaid Items | 113,342 | 0 | 15,929 | 129,271 |
| Total Nonspendable | 113,342 | 0 | 19,105 | 132,447 |
| Restricted: | | | | |
| Facilities Maintenance | 0 | 0 | 73,971 | 73,971 |
| Food Services | 0 | 0 | 27,293 | 27,293 |
| Staff Development and Support | 0 | 0 | 1,118 | 1,118 |
| Technology Improvements | 0 | 0 | 4 | 4 |
| Targeted Academic Assistance | 0 | 0 | 72,197 | 72,197 |
| Debt Service Payments | 0 | 641,522 | 0 | 641,522 |
| Capital Acquisition and Improvement | 0 | 0 | 30,162 | 30,162 |
| Total Restricted | 0 | 641,522 | 204,745 | 846,267 |
| Assigned to Other Purposes | 96,713 | 0 | 0 | 96,713 |
| Unassigned | (160,116) | 0 | (29,329) | (189,445) |
| Total Fund Balances | \$49,939 | \$641,522 | \$194,521 | \$885,982 |

NOTE 4 – DEFICIT FUND EQUITIES

The following is a summary of deficit fund equities at June 30, 2013:

| Fund | Deficit Fund Equity |
|--|---------------------|
| Special Revenue Funds: | |
| District Managed Student Activities Fund | \$11,186 |
| Preschool Grant Fund | 615 |
| Title VI-R Fund | 16,802 |
| Fiscal Stabilization Fund | 726 |

The deficits arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Other deficits also existed under the budgetary/cash basis of accounting. The General Fund often provides operating transfers when cash is required, not when accruals occur.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$1,550,371 and the bank balance was \$1,774,259. Federal depository insurance covered \$271,641 of the bank balance and \$1,502,618 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

| | <u>Balance</u> |
|--|---------------------------|
| Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name | <u>\$1,502,618</u> |
| Total Balance | <u><u>\$1,502,618</u></u> |

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 6 - TAXES

A. Property Tax

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 and public utility property located in the District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Perry County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2013 receipts were based are:

| | <u>2012 Second Half Collections</u> | <u>2013 First Half Collections</u> |
|--|---|--|
| Agricultural/Residential and Other Real Estate | \$56,867,573 | \$56,506,710 |
| Public Utility Personal | 18,821,350 | 18,821,350 |
| Total Assessed Value | <u>\$75,688,923</u> | <u>\$75,328,060</u> |
| Tax rate per \$1,000 of assessed valuation | \$28.50 | \$28.50 |

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, accounts, intergovernmental, and interfund loan receivables. All receivables are considered collectable 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.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 8 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2013:

| Fund | Interfund Loans Receivable | Interfund Loans Payable |
|--------------------------|-------------------------------|----------------------------|
| General Fund | \$109,064 | \$0 |
| Other Governmental Funds | 0 | 109,064 |
| Totals | <u>\$109,064</u> | <u>\$109,064</u> |

The Interfund Loans are short-term loans to cover temporary cash deficits.

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2013:

Historical Cost:

| Class | Restated June 30, 2012 | Additions | Deletions | June 30, 2013 |
|---|---------------------------|----------------|------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$98,680 | \$0 | \$0 | \$98,680 |
| Capital assets being depreciated: | | | | |
| Land Improvements | 645,043 | 0 | 0 | 645,043 |
| Buildings and Improvements | 17,175,692 | 0 | 0 | 17,175,692 |
| Machinery/Equipment and Furniture/Fixtures | 2,114,218 | 3,000 | 0 | 2,117,218 |
| Vehicles | 737,282 | 0 | 0 | 737,282 |
| Total Cost | <u>\$20,770,915</u> | <u>\$3,000</u> | <u>\$0</u> | <u>\$20,773,915</u> |

Accumulated Depreciation:

| Class | Restated June 30, 2012 | Additions | Deletions | June 30, 2013 |
|---|---------------------------|----------------------|------------|-----------------------|
| Land Improvements | (\$396,752) | (\$27,553) | \$0 | (\$424,305) |
| Buildings and Improvements | (8,901,002) | (457,989) | 0 | (9,358,991) |
| Machinery/Equipment and Furniture/Fixtures | (1,468,865) | (152,624) | 0 | (1,621,489) |
| Vehicles | (599,661) | (15,851) | 0 | (615,512) |
| Total Depreciation | <u>(\$11,366,280)</u> | <u>(\$654,017) *</u> | <u>\$0</u> | <u>(\$12,020,297)</u> |
| Net Value: | <u>\$9,404,635</u> | | | <u>\$8,753,618</u> |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 9 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

| | |
|---|-------------------------|
| Instruction | \$527,542 |
| Support Services: | |
| Pupils | 636 |
| Instructional Staff | 67,437 |
| Administration | 6,539 |
| Fiscal Services | 270 |
| Operations & Maintenance of Plant | 3,545 |
| Pupil Transportation | 17,160 |
| Operation of Non-Instructional Services | 10,727 |
| Extracurricular Activities | 20,161 |
| Total Depreciation Expense | <u><u>\$654,017</u></u> |

NOTE 10- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$196,511, \$215,766 and \$192,921 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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 Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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.

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. 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 statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$581,546, \$640,918, and \$640,052 respectively; which were equal to the required contributions for each year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB 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 as well as a prescription drug program.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,866.

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

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,400, \$9,344, and \$23,360 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$11,101, \$12,742, and \$12,415 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health 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 or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 2013, 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, 2013, 2012, and 2011 were \$44,734, \$49,301, and \$49,235 respectively; which were equal to the required contributions for each year.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended June 30, 2013 are as follows:

| | | | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 | Amount Due Within One Year |
|---------------------------------|--------------------------------|-----------|--------------------------|-----------|-------------|--------------------------|----------------------------------|
| Governmental Activities: | | | | | | | |
| General Obligation Bonds: | | | | | | | |
| 2000 | Classroom Facilities | 4.8-5.6% | \$16,000 | \$0 | (\$6,361) | \$9,639 | \$5,271 |
| 2003 | General Bond | 3.5-4.9% | 205,000 | 0 | (30,000) | 175,000 | 30,000 |
| 2011 | Refunding Bond | 1.9-4.0% | 610,000 | 0 | (10,000) | 600,000 | 10,000 |
| 2012 | Energy Conservation | 1.75-4.0% | 295,000 | 0 | (15,000) | 280,000 | 20,000 |
| | Total General Obligation Bonds | | 1,126,000 | 0 | (61,361) | 1,064,639 | 65,271 |
| | Capital Leases | | 44,364 | 0 | (10,340) | 34,024 | 11,801 |
| | Compensated Absences | | 514,489 | 486,258 | (514,489) | 486,258 | 84,470 |
| | Total Long-Term Obligations | | \$1,684,853 | \$486,258 | (\$586,190) | \$1,584,921 | \$161,542 |

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2013, follows:

| Years | General Obligation Bonds | |
|-----------|--------------------------|-----------|
| | Principal | Interest |
| 2014 | \$65,271 | \$97,220 |
| 2015 | 69,368 | 96,050 |
| 2016 | 70,000 | 93,258 |
| 2017 | 125,000 | 30,143 |
| 2018 | 135,000 | 25,490 |
| 2019-2023 | 525,000 | 69,853 |
| 2024-2026 | 75,000 | 6,000 |
| Totals | \$1,064,639 | \$418,014 |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. Defeased Debt

In February 2011, the District partially refunded \$685,000 of General Obligation Bonds for Classroom Facilities Series 2000, dated July 5, 2000, through the issuance of \$685,000 of General Obligation Bonds. The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$355,000 at June 30, 2013, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District is party to two leases for five copiers that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The original costs of the assets under capital lease are \$59,296.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

| <u>Year Ending June 30,</u> | <u>Capital Leases</u> |
|--|------------------------|
| 2014 | \$15,634 |
| 2015 | 15,634 |
| 2016 | <u>9,044</u> |
| Minimum Lease Payments | 40,312 |
| Less: Amount representing interest at the District's incremental borrowing rate of interest | <u>(6,288)</u> |
| Present value of minimum lease payments | <u><u>\$34,024</u></u> |

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 14 - STATUTORY RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the 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 year end and carried forward to be used for the same purposes in future years.

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

| | Capital Acquisition Reserve |
|--|-----------------------------------|
| Set-aside Cash Balance as of June 30, 2012 | \$0 |
| Current Year Set-Aside Requirement | 182,314 |
| Current Year Offset Credits | (84,639) |
| Qualifying Disbursements | (131,997) |
| Total | <u>(\$34,322)</u> |
| Balance Carried Forward to FY 2014 | <u>\$0</u> |

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

The District joined the Licking Area Computer Association (LACA), which is a computer consortium of public school districts, effective May 1, 2011. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of fourteen members made up of fourteen district superintendents. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. Financial information can be obtained from their fiscal agent, the Career and Technology Education Centers of Licking County, Treasurer, at 150 Price Road, Newark, Ohio 43055.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 15 - JOINTLY GOVERNED ORGANIZATION (Continued)

Mid-East Ohio Career Center - The Mid-East Ohio Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of thirteen appointed representatives from the fourteen participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to: Mid-East Ohio Career Center, Rick White, CPA, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of seventeen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 2013.

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2013 the District contracted with several different insurance providers for various insurance coverages, as follows:

| <u>Insurance Provider</u> | <u>Coverage</u> | <u>Deductible</u> |
|----------------------------|----------------------------|-------------------|
| Argonaut Insurance Company | Building/Personal Property | \$1,000 |
| Argonaut Insurance Company | Commercial Crime | \$250 |
| Argonaut Insurance Company | Commercial Equipment | \$500 |
| Argonaut Insurance Company | General/Excess Liability | \$0 |
| Argonaut Insurance Company | Commercial Auto | \$250/\$500 |
| Argonaut Insurance Company | Educators Legal Liability | \$2,500 |

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The School District also maintained a limited medical insurance program for employees. Premiums were paid to a third party administrator, Medical Mutual of Ohio. The claims are processed by the third party administrator and monitored by the School District in conjunction with the third party administrator. As of December 1, 2011 the District switched from self-insured to fully insured with Anthem Blue Cross and Blue Shield. An internal service fund is presented in the financial statements and reflects a one year run out on claims (FY 2012), the 2013 Self Insurance Fund balance was returned to the employees and the District's General Fund based upon the percentage of premiums paid during the final year of the self-insurance plan.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 17 – INSURANCE PURCHASING POOL

The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013***

NOTE 17 – INSURANCE PURCHASING POOL (Continued)

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

NOTE 18 - CONTINGENCIES

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

NOTE 19 – SIGNIFICANT COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| | |
|-----------------------------|------------------|
| Governmental Funds: | |
| General Fund | \$111,766 |
| Nonmajor Governmental Funds | <u>103,792</u> |
| Total Governmental Funds | <u>\$215,558</u> |

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| FEDERAL GRANTOR/ Pass Through Grantor Program Title | Grant Year | Federal CFDA Number | Receipts | Disbursements |
|--|---------------|---------------------------|----------------------------|----------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Food Distribution): | | | | |
| National School Lunch Program | 2012/2013 | 10.555 | \$ 29,220 | \$ 29,220 |
| Cash Assistance: | | | | |
| School Breakfast Program | 2012/2013 | 10.553 | 135,942 | 135,942 |
| National School Lunch Program | 2012/2013 | 10.555 | 283,302 | 283,302 |
| Cash Assistance Subtotal | | | <u>419,244</u> | <u>419,244</u> |
| Total Child Nutrition Cluster | | | <u>448,464</u> | <u>448,464</u> |
| Total U.S. Department of Agriculture | | | 448,464 | 448,464 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Title I Grants to Local Educational Agencies | 2012 | 84.010 | 13,563 | 35,854 |
| | 2013 | | <u>235,806</u> | <u>274,213</u> |
| Total Title I Grants to Local Educational Agencies | | | 249,369 | 310,067 |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 2012 | 84.027 | (1,000) | 6,604 |
| | 2013 | | <u>210,472</u> | <u>183,496</u> |
| Total Special Education Grants to States | | | 209,472 | 190,100 |
| Special Education Preschool Grants | 2013 | 84.173 | <u>5,410</u> | <u>5,048</u> |
| Total Special Education Cluster | | | 214,882 | 195,148 |
| Twenty-First Century Community Learning Centers | 2012 | 84.287 | 89,665 | 47,415 |
| | 2013 | | <u>195,973</u> | <u>174,867</u> |
| Total Twenty-First Century Community Learning Centers | | | 285,638 | 222,282 |
| Education Technology State Grants | 2013 | 84.318 | 2,235 | 2,235 |
| Rural Education | 2012 | 84.358 | | 3,765 |
| | 2013 | | <u>19,656</u> | <u>19,656</u> |
| Total Rural Education | | | 19,656 | 23,421 |
| Improving Teacher Quality State Grants | 2012 | 84.367 | 784 | 1,293 |
| | 2013 | | <u>52,050</u> | <u>48,250</u> |
| Total Improving Teacher Quality State Grants | | | 52,834 | 49,543 |
| Teacher Incentive Fund Cluster: | | | | |
| Teacher Incentive Fund | 2013 | 84.374A | 42,924 | 12,841 |
| ARRA - Teacher Incentive Fund, Recovery Act | | | | |
| Teacher Incentive Fund | 2012 | 84.385A | 170,549 | 169,128 |
| Teacher Incentive Fund | 2013 | | 60,190 | 55,818 |
| Assessment Literacy | 2013 | | | 2,520 |
| Total ARRA - Teacher Incentive Fund, Recovery Act | | | <u>230,739</u> | <u>227,466</u> |
| Total Teacher Incentive Fund Cluster | | | 273,663 | 240,307 |
| ARRA - Race to the Top, Recovery Act: | | | | |
| Race to the Top Incentives Grant | 2012 | 84.395 | 15,528 | 2,589 |
| Race to the Top Incentives Grant | 2013 | | 28,973 | 21,473 |
| Ohio Appalachain Collaboration | 2012 | | 2,193 | 1,515 |
| Ohio Appalachain Collaboration | 2013 | | <u>62,296</u> | <u>88,417</u> |
| Total ARRA - Race to the Top, Recovery Act | | | 108,990 | 113,994 |
| Education Jobs Fund | 2012 | 84.410 | <u>11,600</u> | <u>13,569</u> |
| Total U.S. Department of Education | | | <u>1,218,867</u> | <u>1,170,566</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 1,667,331</u> | <u>\$ 1,619,030</u> |

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the District's federal award programs' receipts and disbursements. 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 PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2012 to 2013 program:

| <u>Program Title</u> | <u>CFDA Number</u> | <u>Amount Transferred from 2012 to 2013</u> |
|------------------------------------|--------------------|---|
| Special Education Grants to States | 84.027 | \$1,000 |



Dave Yost • Auditor of State

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

Crooksville Exempted Village School District
Perry County
4065 School Drive
Crooksville, Ohio 43731

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crooksville Exempted Village School District, Perry County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2014, wherein we noted the District adopted Governmental Accounting Standards Board Statements No. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014



Dave Yost • Auditor of State

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

Crooksville Exempted Village School District
Perry County
4065 School Drive
Crooksville, Ohio 43731

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Crooksville Exempted Village School District's, Perry County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal programs.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Title I, Part A and Teacher Incentive Fund Cluster Major Federal Programs

As described in Findings 2013-001 and 2013-002 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the following:

| Finding # | CFDA # | Program (or Cluster) Name | Compliance Requirement |
|-----------|--------------------------------|---|---|
| 2013-001 | 84.374 and 84.375 | Teacher Incentive Fund Cluster | Activities Allowed and Allowable Costs/Cost Principles |
| 2013-002 | 84.374 and 84.375 84.010 | Teacher Incentive Fund Cluster Title I, Part A | Cash Management |

Compliance with these requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

Qualified Opinion on Title I and Teacher Incentive Fund Major Federal Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I, Part A and Teacher Incentive Fund Cluster Major Federal Programs* paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Title I, Part A and Teacher Incentive Fund Cluster Major Federal Programs* for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Other Matters

The District's responses to our noncompliance findings are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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's applicable 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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

The District's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | Yes |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | |
| | <ul style="list-style-type: none"> • Unmodified on Child Nutrition Cluster • Qualified on Title I, Part A and Teacher Incentive Fund Cluster | |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): | |
| | <ul style="list-style-type: none"> • Child Nutrition Cluster – CFDA Nos. 10.553 and 10.555 • Title I, Part A – CFDA No. 84.010 • Teacher Incentive Fund Cluster – CFDA Nos. 84.374 and 84.385 | |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013
(Continued)**

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

| | |
|------------------------------------|---|
| Finding Number | 2013-001 |
| CFDA Title and Number | Teacher Incentive Fund Cluster, CFDA Nos. 84.374 and 84.385 |
| Federal Award Number / Year | 2012/2013 |
| Federal Agency | U.S. Department of Education |
| Pass-Through Agency | Ohio Department of Education |

Questioned Costs, Noncompliance, and Material Weakness - Activities Allowed and Allowable Costs/Cost Principles

2 C.F.R. 225, Appendix A (C)(1) states that for costs to be allowable under Federal awards costs must be reasonable for proper and efficient performance and administration of Federal awards. 2 C.F.R. 225, Appendix B (14) states costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable. In addition, 2 C.F.R. 225, Appendix B (43)(b) states that costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the governmental unit in its regular operations as the result of the governmental unit's written travel policy.

During fiscal year 2013, costs were incurred from the Teacher Incentive Fund Grant for the purchase of hand sanitizer and other supplies totaling \$2,133. This purchase does not appear to be reasonable for the proper and efficient performance of the federal program. In addition, we noted meal purchases and entertainment during a conference attended by District officials paid from the Teacher Incentive Fund Grant that appear to be excessive totaling \$1,877. These unallowable costs resulted in projected questioned costs of \$17,249.

We recommend the District review all expenditures prior to the expense being incurred to ensure that expenditures of federal monies are reasonable and necessary for the performance and administration of the federal award.

Official's Response and Corrective Action Plan:

In response to audit findings, the Board of Education approved policy #DLC on February 18, 2014, that outlined reimbursement rates for meals. Prior to this resolution, there were no rates established by the board and the Treasurer did not feel that the total spent for the conference was unreasonable based upon the number of attendees and the governmental per diem rate of \$56 per day. The new policy will require individual accountability versus group testing for reasonableness.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013
(Continued)**

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued) |
|--|

| | |
|------------------------------------|--|
| Finding Number | 2013-002 |
| CFDA Title and Number | Title I, Part A, CFDA No. 84.010; Teacher Incentive Fund Cluster, CFDA Nos. 84.374 and 84.385 |
| Federal Award Number / Year | 2012/2013 |
| Federal Agency | U.S. Department of Education |
| Pass-Through Agency | Ohio Department of Education |

Noncompliance and Material Weaknesses – Cash Management

34 C.F.R. 80.21(c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. 34 C.F.R. 80.20(b)(7) states procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Ohio Department of Education CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 C.F.R. 80.21). To receive approval consideration, cash requests must be made *for immediate needs for the month requested*. Funds may be requested for a maximum of one (1) month plus any negative cash balance. To comply with the “Cash Management Act” 31 C.F.R. part 205, the time lapsed between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds must be expended within the period of time for which cash is requested.

For the Title I, Part A program, one of the eight drawdowns were not spent by the end of the month as required by the Ohio Department of Education. In addition, for the Teacher Incentive Fund Cluster program, two of the ten drawdowns were not spent by the end of the month as required by the Ohio Department of Education.

We recommend the Treasurer review fund balances periodically to ensure that all federal receipts are expended within the required period.

Official’s Response and Corrective Action Plan:

In response to audit findings, Treasurer will make project cash requests for funds already expended and known expenditures for the upcoming month only.

**CROOKSVILLE VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
JUNE 30, 2013**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2012-01 | Ohio Rev. Code Section 5705.40 – The District filed and posted final appropriation amendments that were not appropriately approved by the Board. | Yes | |
| 2012-02 | Ohio Rev. Code Section 5705.41(D)(3) - Twenty-five percent of “super blanket” certificates tested extended beyond the fiscal year end. | Yes | |
| 2012-03 | Ohio Rev. Code Section 5705.412(B) - The District approved appropriation measures; however, the District did not certify that adequate revenues will be available to support the measures. | Yes | |
| 2012-04 | Significant deficiency – The District had capital outlay expenditures for assets with useful lives in excess of five years which were not capitalized by the District. | Yes | |
| 2012-05 | Material Weakness – The District failed to properly classify and report certain financial activity in accordance with generally accepted accounting principles. | No | Partially corrected. Remaining items included in separate letter to management for the current year. |
| 2012-06 | 2 C.F.R. 225 Appendix B (8)(h) – The District failed to complete time and effort logs and semi-annual certification for employees who worked on Federal programs. | Yes | |
| 2012-07 | 34 C.F.R 80.21(c) – The District failed to spend monies requested for Federal Programs within the required time period. | No | See Finding Number 2013-002 |
| 2012-08 | 34 C.F.R. 76.722 - The District failed to file Final Expenditure Reports within the required time period. | Yes | |



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Crooksville Exempted Village School District
Perry County
4065 School Drive
Crooksville, Ohio 43731

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Crooksville Exempted Village School District, Perry County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on June 22, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

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Dave Yost • Auditor of State

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2014**