

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT**

**ANNUAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

*Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701*





Mary Taylor, CPA  
Auditor of State

Board of Education  
Crooksville Exempted Village School District  
4065 School Drive  
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Crooksville Exempted Village School District, Perry County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 30, 2007

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Crooksville Exempted Village School District  
Crooksville, Ohio 43731

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 as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crooksville Exempted Village School District, Perry County as of June 30, 2006, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in conformity generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2006, on our consideration of Crooksville Exempted Village School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to opine of the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
November 28, 2006

# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

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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, 2006. 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 2006 are as follows:

- ❑ Net assets decreased \$105,705, which represents less than a 1% decrease from 2005.
- ❑ General revenues accounted for \$7,961,966 in revenue or 75.1% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,642,083 or 24.9% of total revenues of \$10,604,049.
- ❑ The District had \$10,709,754 in expenses related to governmental activities; only \$2,642,083 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7,961,966 were not adequate to provide for these programs.
- ❑ The District's General Fund had \$8,138,275 in revenues and \$8,330,352 in expenditures. The General Fund's fund balance decreased \$192,077 to \$991,876.

## **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***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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## **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 assets includes all of the District's assets and liabilities. 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 assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.



## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2006**

**Unaudited**

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**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 Assets and Changes in Fiduciary Net Assets. 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 assets for 2006 and 2005.

|  | Governmental<br>Activities |              | Increase<br>(Decrease) |
|--|----------------------------|--------------|------------------------|
|  | 2006                       | 2005         |                        |
| Current and other assets                           | \$5,737,961                | \$5,313,214  | \$424,747              |
| Capital assets, Net                                | 12,298,889                 | 13,030,122   | (731,233)              |
| Total assets                                       | 18,036,850                 | 18,343,336   | (306,486)              |
| Long-term debt outstanding                         | 2,098,841                  | 2,219,928    | (121,087)              |
| Other liabilities                                  | 2,489,120                  | 2,568,814    | (79,694)               |
| Total liabilities                                  | 4,587,961                  | 4,788,742    | (200,781)              |
| Net assets   |                            |              |                        |
| Invested in capital assets,<br>net of related debt | 10,687,889                 | 11,294,122   | (606,233)              |
| Restricted   | 474,096                    | 239,421      | 234,675                |
| Unrestricted                                       | 2,286,904                  | 2,021,051    | 265,853                |
| Total net assets                                   | \$13,448,889               | \$13,554,594 | (\$105,705)            |

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## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2006 and 2005.

|   | Governmental<br>Activities |                            | Increase<br>(Decrease)    |
|---|----------------------------|----------------------------|---------------------------|
|   | 2006                       | 2005                       |                           |
| Revenues                                |                            |                            |                           |
| Program revenues:                       |                            |                            |                           |
| Charges for Services and Sales          | \$858,084                  | \$779,734                  | \$78,350                  |
| Operating Grants and Contributions      | 1,783,999                  | 1,643,396                  | 140,603                   |
| General revenues:                       |                            |                            | 0                         |
| Property Taxes                          | 1,360,700                  | 950,830                    | 409,870                   |
| Grants and Entitlements                 | 6,443,306                  | 6,214,750                  | 228,556                   |
| Other                                   | 157,960                    | 140,944                    | 17,016                    |
| Total revenues                          | <u>10,604,049</u>          | <u>9,729,654</u>           | <u>874,395</u>            |
| Program Expenses                        |                            |                            |                           |
| Instruction                             | 6,140,251                  | 6,208,763                  | (68,512)                  |
| Support Services:                       |                            |                            |                           |
| Pupils                                  | 512,809                    | 516,611                    | (3,802)                   |
| Instructional Staff                     | 406,627                    | 456,701                    | (50,074)                  |
| Board of Education                      | 35,719                     | 20,154                     | 15,565                    |
| Administration                          | 941,141                    | 973,084                    | (31,943)                  |
| Fiscal Services                         | 254,958                    | 207,456                    | 47,502                    |
| Operation and Maintenance of Plant      | 892,777                    | 1,092,248                  | (199,471)                 |
| Pupil Transportation                    | 632,684                    | 602,454                    | 30,230                    |
| Operation of Non-Instructional Services | 395,331                    | 362,496                    | 32,835                    |
| Community Services                      | 4,641                      | 2,885                      | 1,756                     |
| Extracurricular Activities              | 401,412                    | 390,155                    | 11,257                    |
| Interest and Fiscal Charges             | 91,404                     | 98,530                     | (7,126)                   |
| Total expenses                          | <u>10,709,754</u>          | <u>10,931,537</u>          | <u>(221,783)</u>          |
| Total Change in Net Assets              | (105,705)                  | (1,201,883)                | 1,096,178                 |
| Beginning Net Assets                    | <u>13,554,594</u>          | <u>14,756,477</u>          | <u>(1,201,883)</u>        |
| Ending Net Assets                       | <u><u>\$13,448,889</u></u> | <u><u>\$13,554,594</u></u> | <u><u>(\$105,705)</u></u> |

### ***Governmental Activities***

Net assets of the District's governmental activities decreased by \$105,705. The decrease in net assets is due to the continuation of expenditures exceeding revenues despite the District's attempts to control expenditure increases during the year.

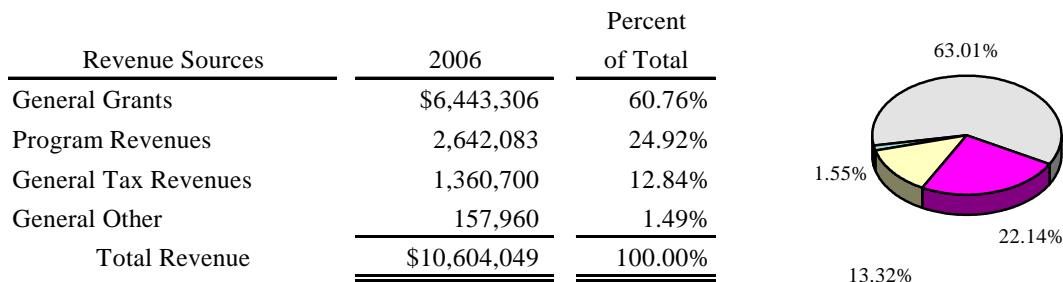
## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

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 10% of revenues for governmental activities for Crooksville Exempted Village Schools in fiscal year 2006. 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 \$1,325,445 which is greater than last year's balance of \$1,277,559. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

|                    | Fund Balance<br>June 30, 2006 | Fund Balance<br>June 30, 2005 | Increase<br>(Decrease) |
|--------------------|-------------------------------|-------------------------------|------------------------|
| General            | \$991,876                     | \$1,183,953                   | (\$192,077)            |
| Bond Retirement    | 171,535                       | 50,041                        | 121,494                |
| Other Governmental | 162,034                       | 43,565                        | 118,469                |
| Total              | \$1,325,445                   | \$1,277,559                   | \$47,886               |

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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

|                             | 2006<br>Revenues | 2005<br>Revenues | Increase<br>(Decrease) |
|-----------------------------|------------------|------------------|------------------------|
| Taxes                       | \$1,099,147      | \$711,548        | \$387,599              |
| Tuition                     | \$486,002        | \$396,471        | \$89,531               |
| Investment Earnings         | 105,854          | 56,010           | 49,844                 |
| Intergovernmental - State   | 6,413,680        | 6,278,063        | 135,617                |
| Intergovernmental - Federal | 10,086           | 13,800           | (3,714)                |
| All Other Revenue           | 23,506           | 30,927           | (7,421)                |
| Total                       | \$8,138,275      | \$7,486,819      | \$651,456              |

General Fund revenues increased in 2006, by approximately 8.7% compared to revenues in fiscal year 2005 mostly due to increased tax collections.

|                                  | 2006<br>Expenditures | 2005<br>Expenditures | Increase<br>(Decrease) |
|----------------------------------|----------------------|----------------------|------------------------|
| Instruction                      | \$4,789,963          | \$4,633,823          | \$156,140              |
| Supporting Services:             |                      |                      |                        |
| Pupils                           | 265,466              | 226,614              | 38,852                 |
| Instructional Staff              | 308,797              | 314,518              | (5,721)                |
| Board of Education               | 35,719               | 20,154               | 15,565                 |
| Administration                   | 848,589              | 844,654              | 3,935                  |
| Fiscal Services                  | 247,351              | 196,685              | 50,666                 |
| Operation & Maintenance of Plant | 848,892              | 942,352              | (93,460)               |
| Pupil Transportation             | 691,728              | 620,329              | 71,399                 |
| Extracurricular Activities       | 247,080              | 240,568              | 6,512                  |
| Capital Outlay                   | 5,075                | 5,075                | 0                      |
| Debt Service                     |                      |                      |                        |
| Principal Retirement             | 25,000               | 25,000               | 0                      |
| Interest and Fiscal Charges      | 16,692               | 17,568               | (876)                  |
| Total                            | \$8,330,352          | \$8,087,340          | \$243,012              |

The expenditures increased by \$243,012 or 3.0% compared to the prior year mostly due to increases in instructional costs. These expenditures increased mainly as a result of higher payments for salaries and fringe benefits.

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, 2006**

**Unaudited**

During the course of fiscal year 2005 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was \$7.4 million, equal to original budget estimates of \$7.4 million. The General Fund had an adequate fund balance to cover expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal year 2006 the District had \$12,298,889 net of accumulated depreciation invested in land, buildings, machinery, equipment and vehicles. The following table shows fiscal year 2005 and 2006 balances:

|   | Governmental<br>Activities |              | Increase<br>(Decrease) |
|---|----------------------------|--------------|------------------------|
|   | 2006                       | 2005         |                        |
| Land  | \$78,390                   | \$78,390     | \$0                    |
| Construction in Progress                      | 628,248                    | 628,248      | 0                      |
| Land Improvements                             | 0                          | 0            | 0                      |
| Buildings and Improvements                    | 17,143,196                 | 17,143,196   | 0                      |
| Machinery/Equipment and<br>Furniture/Fixtures | 4,478,535                  | 4,437,399    | 41,136                 |
| Vehicles                                      | 902,821                    | 902,821      | 0                      |
| Less: Accumulated Depreciation                | (10,932,301)               | (10,159,932) | (772,369)              |
| Totals  | \$12,298,889               | \$13,030,122 | (\$731,233)            |

The primary increase occurred in machinery and equipment, which can be attributed to new computer equipment and furniture

Additional information on the District's capital assets can be found in Note 7.

#### **Debt**

At June 30, 2006, the District had \$1.6 million in bonds outstanding, \$125,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2006:

|                               | 2006        | 2005        |
|-------------------------------|-------------|-------------|
| Governmental Activities:      |             |             |
| General Obligation Bonds:     |             |             |
| School Facilities             | \$285,000   | \$340,000   |
| Classroom Facilities          | 961,000     | 1,006,000   |
| General Bond                  | 365,000     | 390,000     |
| Total General Obligation Bond | 1,611,000   | 1,736,000   |
| Compensated Absences          | 487,841     | 438,928     |
| Totals                        | \$2,098,841 | \$2,174,928 |

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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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, 2006, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 9.

## **ECONOMIC FACTORS**

At Crooksville Exempted Village Schools, we have been working hard to make positive changes in our programs. 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, the new state standards and No Child Left Behind mandates.

At a time when state and federal mandates are increasing, the state and federal governments continue 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. Reduction in Title I funds, decrease of the Cost of Doing Business Factor, tax reductions in tangible personal property (equipment and inventory), small increases in the state funding formula and other recently introduced tax cuts have really placed local districts in a financial bind. These reductions are magnified by the recent jump in diesel fuel prices, natural gas cost and electricity.

Financially, we are in the same position as many other districts in our area. We are a low wealth district that is constantly applying for grants, looking for ways to cut cost and at the same time trying to maintain programs that are successful. Over the past several years, we have been very fortunate to end the fiscal year with a carryover in funds. However, 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, grants in aid and a steady student enrollment, the district has managed to stay in the black.

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. The state funding formula and federal funds provide Crooksville Exempted Village School District with approximately 83% of revenues. The remaining 17% is provided through local operating levies, taxes and miscellaneous revenues. As you can see, we are heavily dependent upon the state foundation program and federal dollars for operating.

At the current levels of funding, staffing and programming, our funding projection is that in fiscal year 2008 the district will have used up its carryover dollars and be operating in the red. The board of education has been frugal and will continue to plan ways to conserve funds thus prolonging its going into fiscal emergency in 2008. The Ohio Governor and Ohio State Legislature have failed to properly address the Ohio Supreme Court's ruling to adequately and equitably fund school. For low wealth districts in Ohio, like Crooksville Exempted Village School District, operating levies alone cannot be the answer to Ohio school funding problems.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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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.

### **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 Michael Hankinson, Treasurer of Crooksville Exempted Village School District.

# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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## ***Statement of Net Assets*** ***June 30, 2006***

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>                                  |                                    |
| Cash and Cash Equivalents                       | \$ 3,102,230                       |
| Receivables:                                    |                                    |
| Taxes   | 2,199,755                          |
| Accounts  | 3,742                              |
| Intergovernmental                               | 132,618                            |
| Inventory of Supplies at Cost                   | 5,857                              |
| Prepaid Items                                   | 145,798                            |
| Restricted Assets:                              |                                    |
| Cash and Cash Equivalents                       | 147,961                            |
| Capital Assets Not Being Depreciated            | 78,390                             |
| Capital Assets Being Depreciated, Net           | <u>12,220,499</u>                  |
| <b>Total Assets</b>                             | <b><u>18,036,850</u></b>           |
| <b>Liabilities:</b>                             |                                    |
| Accounts Payable                                | 89,219                             |
| Accrued Wages and Benefits                      | 663,533                            |
| Intergovernmental Payable                       | 243,458                            |
| Claims Payable                                  | 152,053                            |
| Matured Bonds & Interest Payable                | 21,459                             |
| Deferred Revenue - Taxes                        | 1,312,972                          |
| Accrued Interest Payable                        | 6,426                              |
| Long Term Liabilities:                          |                                    |
| Due Within One Year                             | 160,410                            |
| Due in More Than One Year                       | <u>1,938,431</u>                   |
| <b>Total Liabilities</b>                        | <b><u>4,587,961</u></b>            |
| <b>Net Assets:</b>                              |                                    |
| Invested in Capital Assets, Net of Related Debt | 10,687,889                         |
| Restricted For:                                 |                                    |
| Capital Projects                                | 14,938                             |
| Debt Service                                    | 276,136                            |
| Other Purposes                                  | 183,022                            |
| Unrestricted                                    | <u>2,286,904</u>                   |
| <b>Total Net Assets</b>                         | <b><u>\$ 13,448,889</u></b>        |

See accompanying notes to the basic financial statements



## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

### **Statement of Activities For the Fiscal Year Ended June 30, 2006**

|   | Expenses             | Program Revenues                     |  | Net (Expense)                               |
|---|----------------------|--------------------------------------|--|---|
|   |                      | Charges for<br>Services and<br>Sales | Operating Grants<br>and<br>Contributions | Revenue and<br>and Changes in<br>Net Assets |
|   |                      |                                      |  | Governmental<br>Activities                  |
| <b>Governmental Activities:</b>         |                      |                                      |  |   |
| Instruction                             | \$ 6,140,251         | \$ 501,122                           | \$ 853,261                               | \$ (4,785,868)                              |
| Support Services:                       |                      |                                      |  |   |
| Pupils                                  | 512,809              | 0                                    | 285,746                                  | (227,063)                                   |
| Instructional Staff                     | 406,627              | 0                                    | 150,374                                  | (256,253)                                   |
| Board of Education                      | 35,719               | 0                                    | 0  | (35,719)                                    |
| Administration                          | 941,141              | 0                                    | 109,984                                  | (831,157)                                   |
| Fiscal Services                         | 254,958              | 0                                    | 6,426                                    | (248,532)                                   |
| Operation and Maintenance of Plant      | 892,777              | 0                                    | 26,182                                   | (866,595)                                   |
| Pupil Transportation                    | 632,684              | 0                                    | 10,920                                   | (621,764)                                   |
| Operation of Non-Instructional Services | 395,331              | 144,277                              | 341,106                                  | 90,052                                      |
| Community Services                      | 4,641                | 0                                    | 0  | (4,641)                                     |
| Extracurricular Activities              | 401,412              | 212,685                              | 0  | (188,727)                                   |
| Interest and Fiscal Charges             | 91,404               | 0                                    | 0  | (91,404)                                    |
| <b>Totals</b>                           | <b>\$ 10,709,754</b> | <b>\$ 858,084</b>                    | <b>\$ 1,783,999</b>                      | <b>\$ (8,067,671)</b>                       |

#### **General Revenues**

##### Property Taxes Levied for:

|  |                      |
|--|----------------------|
| General Purposes                                   | 1,045,535            |
| Debt Service                                       | 283,219              |
| Other Purposes                                     | 31,946               |
| Grants and Entitlements not Restricted to Specific | 6,443,306            |
| Investment Earnings                                | 105,854              |
| Miscellaneous                                      | 52,106               |
| <b>Total General Revenues</b>                      | <b>7,961,966</b>     |
| Change in Net Assets                               | (105,705)            |
| Net Assets Beginning of Year                       | 13,554,594           |
| Net Assets End of Year                             | <b>\$ 13,448,889</b> |

See accompanying notes to the basic financial statements

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

### **Balance Sheet Governmental Funds June 30, 2006**

|   | General             | Bond Retirement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>                              |                     |                         |                                |                                |
| Cash and Cash Equivalents                   | \$ 1,358,091        | \$ 159,996              | \$ 335,972                     | \$ 1,854,059                   |
| Receivables:                                |                     |                         |                                |                                |
| Taxes                                       | 1,803,735           | 358,566                 | 37,454                         | 2,199,755                      |
| Accounts                                    | 2,179               | 0                       | 1,563                          | 3,742                          |
| Intergovernmental                           | 0                   | 0                       | 132,618                        | 132,618                        |
| Interfund Loan Receivable                   | 40,048              | 0                       | 0                              | 40,048                         |
| Inventory Held for Resale                   | 0                   | 0                       | 5,857                          | 5,857                          |
| Prepaid Items                               | 117,997             | 0                       | 27,801                         | 145,798                        |
| Restricted Assets:                          |                     |                         |                                |                                |
| Cash and Cash Equivalents                   | 126,502             | 21,459                  | 0                              | 147,961                        |
| <b>Total Assets</b>                         | <b>\$ 3,448,552</b> | <b>\$ 540,021</b>       | <b>\$ 541,265</b>              | <b>\$ 4,529,838</b>            |
| <b>Liabilities:</b>                         |                     |                         |                                |                                |
| Accounts Payable                            | \$ 27,213           | \$ 0                    | \$ 22,467                      | \$ 49,680                      |
| Accrued Wages and Benefits                  | 553,680             | 0                       | 109,853                        | 663,533                        |
| Intergovernmental Payable                   | 205,493             | 0                       | 37,965                         | 243,458                        |
| Matured Bonds and Interest Payable          | 0                   | 21,459                  | 0                              | 21,459                         |
| Interfund Loans Payable                     | 0                   | 0                       | 40,048                         | 40,048                         |
| Deferred Revenue - Taxes                    | 1,645,724           | 347,027                 | 36,280                         | 2,029,031                      |
| Deferred Revenue                            | 0                   | 0                       | 132,618                        | 132,618                        |
| Compensated Absences Payable                | 24,566              | 0                       | 0                              | 24,566                         |
| <b>Total Liabilities</b>                    | <b>2,456,676</b>    | <b>368,486</b>          | <b>379,231</b>                 | <b>3,204,393</b>               |
| <b>Fund Balances:</b>                       |                     |                         |                                |                                |
| Reserved for Encumbrances                   | 33,553              | 0                       | 95,505                         | 129,058                        |
| Reserved for Prepaid Items                  | 117,997             | 0                       | 27,801                         | 145,798                        |
| Reserved for Supplies Inventory             | 0                   | 0                       | 5,857                          | 5,857                          |
| Reserved for Debt Service                   | 0                   | 171,535                 | 0                              | 171,535                        |
| Reserved for Property Taxes                 | 105,228             | 0                       | 0                              | 105,228                        |
| Reserved for Budget Stabilization           | 126,502             | 0                       | 0                              | 126,502                        |
| Unreserved, Undesignated in:                |                     |                         |                                |                                |
| General Fund                                | 608,596             | 0                       | 0                              | 608,596                        |
| Special Revenue Funds                       | 0                   | 0                       | 17,933                         | 17,933                         |
| Capital Projects Funds                      | 0                   | 0                       | 14,938                         | 14,938                         |
| <b>Total Fund Balances</b>                  | <b>991,876</b>      | <b>171,535</b>          | <b>162,034</b>                 | <b>1,325,445</b>               |
| <b>Total Liabilities and Funds Balances</b> | <b>\$ 3,448,552</b> | <b>\$ 540,021</b>       | <b>\$ 541,265</b>              | <b>\$ 4,529,838</b>            |

See accompanying notes to the basic financial statements

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
June 30, 2006***

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|  |                                    |
|--|------------------------------------|
| <b>Total Governmental Fund Balances</b>  | \$ 1,325,445                       |
| <b><i>Amounts reported for governmental activities in the<br/>statement of net assets are different because</i></b>  |                                    |
| Capital Assets used in governmental activities are not<br>resources and therefore are not reported in the funds.   | 12,298,889                         |
| Other long-term assets are not available to pay for current<br>period expenditures and therefore are deferred in the funds.  | 848,677                            |
| The internal service funds are used by management to<br>charge the costs of services to individual funds. The assets<br>and liabilities of the internal service funds are included in<br>governmental activities in the statement of net assets. | 1,056,579                          |
| Long-term liabilities, including bonds payable, are not due<br>and payable in the current period and therefore are not<br>reported in the funds.   |                                    |
| General Obligation Bonds Payable   | (1,611,000)                        |
| Compensated Absences Payable   | (463,275)                          |
| Accrued Interest Payable   | (6,426)                            |
|  | <u>(2,080,701)</u>                 |
| <b><i>Net Assets of Governmental Activities</i></b>  | <b><u><u>\$ 13,448,889</u></u></b> |

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, 2006***

|   | General           | Bond Retirement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                          |                   |                         |                                |                                |
| Taxes                                     | \$ 1,099,147      | \$ 279,997              | \$ 31,940                      | \$ 1,411,084                   |
| Tuition                                   | 486,002           | 0                       | 10,536                         | 496,538                        |
| Investment Earnings                       | 105,854           | 0                       | 0                              | 105,854                        |
| Food Services                             | 0                 | 0                       | 144,277                        | 144,277                        |
| Extracurricular Activities                | 0                 | 0                       | 212,685                        | 212,685                        |
| Class Materials and Fees                  | 0                 | 0                       | 4,584                          | 4,584                          |
| Intergovernmental - State                 | 6,413,680         | 26,489                  | 546,074                        | 6,986,243                      |
| Intergovernmental - Federal               | 10,086            | 0                       | 1,254,727                      | 1,264,813                      |
| All Other Revenue                         | 23,506            | 0                       | 28,600                         | 52,106                         |
| <b>Total Revenue</b>                      | <b>8,138,275</b>  | <b>306,486</b>          | <b>2,233,423</b>               | <b>10,678,184</b>              |
| <b>Expenditures:</b>                      |                   |                         |                                |                                |
| Current:                                  |                   |                         |                                |                                |
| Instruction                               | 4,789,963         | 0                       | 974,486                        | 5,764,449                      |
| Supporting Services:                      |                   |                         |                                |                                |
| Pupils                                    | 265,466           | 0                       | 276,389                        | 541,855                        |
| Instructional Staff                       | 308,797           | 0                       | 132,350                        | 441,147                        |
| Board of Education                        | 35,719            | 0                       | 0                              | 35,719                         |
| Administration                            | 848,589           | 0                       | 116,367                        | 964,956                        |
| Fiscal Services                           | 247,351           | 9,713                   | 7,434                          | 264,498                        |
| Operation & Maintenance of Plant          | 848,892           | 0                       | 23,641                         | 872,533                        |
| Pupil Transportation                      | 691,728           | 0                       | 1,196                          | 692,924                        |
| Operation of Non-Instructional Services   | 0                 | 0                       | 423,445                        | 423,445                        |
| Community Services                        | 0                 | 0                       | 4,641                          | 4,641                          |
| Extracurricular Activities                | 247,080           | 0                       | 156,009                        | 403,089                        |
| Capital Outlay                            | 5,075             | 0                       | 0                              | 5,075                          |
| Debt Service:                             |                   |                         |                                |                                |
| Principal Retirement                      | 25,000            | 100,000                 | 0                              | 125,000                        |
| Interest & Fiscal Charges                 | 16,692            | 75,279                  | 0                              | 91,971                         |
| <b>Total Expenditures</b>                 | <b>8,330,352</b>  | <b>184,992</b>          | <b>2,115,958</b>               | <b>10,631,302</b>              |
| Net Change in Fund Balance                | (192,077)         | 121,494                 | 117,465                        | 46,882                         |
| <b>Fund Balances at Beginning of Year</b> | <b>1,183,953</b>  | <b>50,041</b>           | <b>43,565</b>                  | <b>1,277,559</b>               |
| Increase in Inventory Reserve             | 0                 | 0                       | 1,004                          | 1,004                          |
| <b>Fund Balances End of Year</b>          | <b>\$ 991,876</b> | <b>\$ 171,535</b>       | <b>\$ 162,034</b>              | <b>\$ 1,325,445</b>            |

See accompanying notes to the basic financial statements

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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### ***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, 2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 46,882

***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       | 41,136           |           |
| Depreciation Expense | <u>(772,369)</u> | (731,233) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (74,135)

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

|   |  |         |
|---|--|---------|
| General Obligation Bond Principal Payment |  | 125,000 |
|---|--|---------|

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 567

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 | 10,765       |        |
| Change in Inventory  | <u>1,004</u> | 11,769 |

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.

515,445

***Change in Net Assets of Governmental Activities*** \$ (105,705)

See accompanying notes to the basic financial statements

## **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, 2006**

|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|------------------------|---------------------|---------------------|---|
| <b>Revenues:</b>   |                        |                     |                     |   |
| Local Sources:   |                        |                     |                     |   |
| Taxes  | \$ 917,000             | \$ 917,000          | \$ 1,058,852        | \$ 141,852  |
| Tuition  | 400,000                | 400,000             | 486,002             | 86,002  |
| Investment Earnings  | 38,000                 | 38,000              | 105,854             | 67,854  |
| Intergovernmental - State  | 6,045,000              | 6,045,000           | 6,413,680           | 368,680   |
| Intergovernmental - Federal  | 16,000                 | 16,000              | 15,636              | (364)   |
| All Other Revenues   | 13,800                 | 13,800              | 27,517              | 13,717  |
| Total Revenues   | <u>7,429,800</u>       | <u>7,429,800</u>    | <u>8,107,541</u>    | <u>677,741</u>  |
| <b>Expenditures:</b>   |                        |                     |                     |   |
| Current:   |                        |                     |                     |   |
| Instruction  | 4,813,069              | 4,806,179           | 4,854,975           | (48,796)  |
| Support Services:  |                        |                     |                     |   |
| Pupils   | 224,787                | 224,730             | 265,642             | (40,912)  |
| Instructional Staff  | 340,871                | 327,577             | 323,488             | 4,089   |
| Board of Education   | 55,748                 | 53,730              | 45,243              | 8,487   |
| Administration   | 862,127                | 859,216             | 862,550             | (3,334)   |
| Fiscal Services  | 235,723                | 224,404             | 247,474             | (23,070)  |
| Operation and Maintenance of Plant   | 996,531                | 979,833             | 861,145             | 118,688   |
| Pupil Transportation   | 668,360                | 662,018             | 693,141             | (31,123)  |
| Extracurricular Activities   | 217,379                | 217,379             | 249,257             | (31,878)  |
| Capital Outlay   | 13,329                 | 6,075               | 5,075               | 1,000   |
| Debt Service:  |                        |                     |                     |   |
| Principal Retirement   | 25,000                 | 25,000              | 25,000              | 0   |
| Interest and Fiscal Charges  | 16,692                 | 16,692              | 16,692              | 0   |
| Total Expenditures   | <u>8,469,616</u>       | <u>8,402,833</u>    | <u>8,449,682</u>    | <u>(46,849)</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures   | (1,039,816)            | (973,033)           | (342,141)           | 630,892   |
| <b>Other Financing Sources (Uses):</b>   |                        |                     |                     |   |
| Advances In  | 80,000                 | 80,000              | 220,641             | 140,641   |
| Advances Out   | (80,000)               | (80,000)            | (40,048)            | 39,952  |
| Total Other Financing Sources (Uses):  | <u>0</u>               | <u>0</u>            | <u>180,593</u>      | <u>180,593</u>  |
| Excess (Deficiency) of Revenues<br>and Other Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (1,039,816)            | (973,033)           | (161,548)           | 811,485   |
| Fund Balance at Beginning of Year  | 1,535,908              | 1,535,908           | 1,535,908           | 0   |
| Prior Year Encumbrances  | 66,782                 | 66,782              | 66,782              | 0   |
| Fund Balance at End of Year  | <u>\$ 562,874</u>      | <u>\$ 629,657</u>   | <u>\$ 1,441,142</u> | <u>\$ 811,485</u>   |

See accompanying notes to the basic financial statements

# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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***Statement of Net Assets  
Proprietary Funds  
June 30, 2006***

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|                                  | Governmental<br>Activities -<br>Internal Service<br>Funds |
|----------------------------------|---|
| <b>Assets:</b>                   |   |
| <i>Current Assets:</i>           |   |
| Cash and Cash Equivalents        | \$ 1,248,171  |
| <b>Total Assets</b>              | <u>1,248,171</u>  |
| <b>Liabilities:</b>              |   |
| <i>Current Liabilities:</i>      |   |
| Accounts Payable                 | 39,539  |
| Claims Payable                   | 152,053   |
| <i>Total Current Liabilities</i> | <u>191,592</u>  |
| <b>Total Liabilities</b>         | <u>191,592</u>  |
| <b>Net Assets:</b>               |   |
| Unrestricted                     | 1,056,579   |
| <b>Total Net Assets</b>          | <u>\$ 1,056,579</u>                                       |

See accompanying notes to the basic financial statements

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2006**

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|                                 | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---------------------------------|---|
| <b>Operating Revenues:</b>      |   |
| All Other Revenue               | \$ 1,720,260  |
| <b>Total Operating Revenues</b> | <u>1,720,260</u>  |
| <b>Operating Expenses:</b>      |   |
| Contractual Services            | 1,204,815   |
| <b>Total Operating Expenses</b> | <u>1,204,815</u>  |
| Change in Net Assets            | 515,445   |
| Net Assets Beginning of Year    | <u>541,134</u>  |
| Net Assets End of Year          | <u><u>\$ 1,056,579</u></u>                                |

See accompanying notes to the basic financial statements



***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Statement of Cash Flows***

***Proprietary Funds***

***For the Fiscal Year Ended June 30, 2006***

---

|   | Governmental<br>Activities - Internal<br>Service Fund |
|---|---|
| <u>Cash Flows from Operating Activities:</u>        |   |
| Cash Received from Customers                        | \$1,720,260   |
| Cash Payments for Goods and Services                | <u>(1,432,682)</u>                                    |
| Net Cash Provided by Operating Activities           | <u>287,578</u>  |
| Net Increase in Cash and Cash Equivalents           | 287,578   |
| Cash and Cash Equivalents at Beginning of Year      | <u>960,593</u>  |
| Cash and Cash Equivalents at End of Year            | <u><u>\$1,248,171</u></u>                             |
| <u>Reconciliation of Operating Loss to Net Cash</u> |   |
| <u>Used for Operating Activities:</u>               |   |
| Operating Loss                                      | \$515,445   |
| Adjustments to Reconcile Operating Loss to          |   |
| Net Cash Provided Used for Operating Activities:    |   |
| Changes in Assets and Liabilities:                  |   |
| Increase in Accounts Payable                        | 39,539  |
| Decrease in Claims Payable                          | <u>(267,406)</u>                                      |
| Total Adjustments                                   | <u>(227,867)</u>                                      |
| Net Cash Used for Operating Activities              | <u><u>\$287,578</u></u>                               |

See accompanying notes to the basic financial statements

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

---

**Statement of Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**

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|                           | Private Purpose<br>Trust Fund | Agency Funds  | Total           |
|---------------------------|-------------------------------|---------------|-----------------|
| <b>Assets:</b>            |                               |               |                 |
| Cash and Cash Equivalents | \$ 8,543                      | \$ 25,642     | \$ 34,185       |
| <b>Total Assets</b>       | <u>8,543</u>                  | <u>25,642</u> | <u>34,185</u>   |
| <b>Liabilities:</b>       |                               |               |                 |
| Due to Students           | <u>0</u>                      | <u>25,642</u> | <u>25,642</u>   |
| <b>Total Liabilities</b>  | <u>0</u>                      | <u>25,642</u> | <u>25,642</u>   |
| <b>Net Assets:</b>        |                               |               |                 |
| Unrestricted              | <u>8,543</u>                  | <u>0</u>      | <u>8,543</u>    |
| <b>Total Net Assets</b>   | <u>\$ 8,543</u>               | <u>\$ 0</u>   | <u>\$ 8,543</u> |

See accompanying notes to the basic financial statements

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Statement of Changes in Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2006***

---

|                                 | <u>Private Purpose<br/>Trust Fund</u> |
|---------------------------------|---------------------------------------|
| <b>Additions:</b>               |                                       |
| Contributions:                  |                                       |
| Private Donations               | \$ 4,000                              |
| Total Contributions             | <u>4,000</u>                          |
| Total Additions                 | <u>4,000</u>                          |
| <b>Deductions:</b>              |                                       |
| Administrative Expenses         | <u>5,000</u>                          |
| Total Deductions                | <u>5,000</u>                          |
| Change in Net Assets            | (1,000)                               |
| Net Assets at Beginning of Year | <u>9,543</u>                          |
| Net Assets End of Year          | <u><u>\$ 8,543</u></u>                |

See accompanying notes to the basic financial statements

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 50 noncertified, 99 certified teaching personnel and 8 administrative employees providing education to 1,181 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," 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. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity.

The District is a member of the Southeastern Ohio Voluntary Educational Cooperative (SEOVEC), a jointly governed organization which provides computer service to thirty-eight (38) class "C" sites in a ten (10) county area. The District is a participant in two other jointly governed organizations, the Mid-East Ohio Career Center and the Coalition of Rural and Appalachian Schools. See Note 11, "Jointly Governed Organizations." The District is also a participant in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool, see Note 13.

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, 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***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 is the District's only major governmental fund:

**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.

***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 assets.

**Internal Service Funds** - The 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.

#### **B. Basis of Presentation - Fund Accounting (Continued)**

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net assets and changes in net assets. 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 funds is a private-purpose trusts that account 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.

#### **C. Basis of Presentation - Financial Statements**

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 and current liabilities, 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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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, 2006, and which are not intended to finance fiscal 2006 operations, have been recorded as deferred revenues. 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. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2006 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal 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 revenue.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 governmental funds are required to be reported. The primary level of budgetary control is at the fund 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 final amended official certificate of estimated resources issued during fiscal year 2006.



# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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<br>Fund            |
| GAAP Basis (as reported)    | (\$192,077)                |
| Increase (Decrease):        |                            |
| Accrued Revenues            |                            |
| at June 30, 2006,           |                            |
| received during FY 2007     | (200,238)                  |
| Accrued Revenues            |                            |
| at June 30, 2005,           |                            |
| received during FY 2006     | 350,097                    |
| Accrued Expenditures        |                            |
| at June 30, 2006,           |                            |
| received during FY 2007     | 810,952                    |
| Accrued Expenditures        |                            |
| at June 30, 2005,           |                            |
| paid during FY 2006         | (878,078)                  |
| FY 2005 Prepays for FY 2006 | 109,244                    |
| FY 2006 Prepays for FY 2007 | (117,997)                  |
| Encumbrances Outstanding    | (43,451)                   |
| Budget Basis                | <u>(\$161,548)</u>         |

#### **F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, investments with original maturities of less than three months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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 3, "Cash, Cash Equivalents and Investments."

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 3, "Cash, Cash Equivalents and Investments." During fiscal year 2006, investments were limited to STAR Ohio.

The District has invested funds in the State Treasury Asset Reserve of Ohio during 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

#### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, 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 \$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***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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                          | 20                                |
| Buildings and Improvements                 | 30                                |
| Machinery/Equipment and Furniture/Fixtures | 6-10                              |
| Vehicles                                   | 10                                |

#### **J. Long-Term Obligations**

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

| <u>Obligation</u>        | <u>Fund</u>          |
|--------------------------|----------------------|
| General Obligation Bonds | Bond Retirement Fund |
| Compensated Absences     | General 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. 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.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **L. Net Assets**

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

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

#### **M. Pensions**

The provision for pension costs is 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.

#### **N. 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.

#### **O. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, property taxes, prepaid items, and encumbered amounts, which have not been accrued at year end.

#### **P. 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.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 2 – COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficits** - The fund deficits at June 30, 2006 of \$204 in the Food Service Fund, \$2,706 in the Title VI-B Fund, \$904 in the Early Childhood Special Education Fund, \$9,739 in the Title IV-R Fund, and \$28,700 in the Miscellaneous Federal Grants Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the budgetary/cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

### **NOTE 3 - 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;

# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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.

#### **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. 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 \$568,344 and the bank balance was \$802,917. Federal depository insurance covered \$100,000 of the bank balance and \$702,917 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<br>the pledging institution's trust department not in the District's name | <u>\$702,917</u>        |
| Total Balance  | <u><u>\$702,917</u></u> |

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

#### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

##### **B. Investments**

The District's investments at June 30, 2006 were as follows:

|                   | <u>Fair Value</u>  | <u>Credit Rating</u> | <u>Investment Maturities (in Years)</u> |            |            |
|-------------------|--------------------|----------------------|---|------------|------------|
|                   |                    |                      | <u>less than 1</u>                      | <u>1-3</u> | <u>3-5</u> |
| STAR Ohio         | \$2,716,079        | AAAm <sup>1</sup>    | \$2,716,079                             | \$0        | \$0        |
| Total Investments | <u>\$2,716,079</u> |                      | <u>\$2,716,079</u>                      | <u>\$0</u> | <u>\$0</u> |

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer.

##### **C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

|                          | <u>Cash and Cash<br/>Equivalents</u> | <u>Investments</u> |
|--------------------------|--------------------------------------|--------------------|
| Per Financial Statements | \$3,284,423                          | \$0                |
| STAR Ohio                | <u>(2,716,079)</u>                   | <u>2,716,079</u>   |
| Per GASB Statement No. 3 | <u>\$568,344</u>                     | <u>\$2,716,079</u> |

#### **NOTE 4 - TAXES**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.



# **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 4 – TAXES (Continued)**

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Crooksville Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2006, upon which the 2005 levies were based, were as follows:

|  | 2005 Second Half<br>Collections | 2006 First Half<br>Collections |
|--|---------------------------------|--------------------------------|
| Agricultural/Residential and Other Real Estate | \$39,605,850                    | \$48,831,540                   |
| Public Utility Personal                        | 6,543,100                       | 6,732,830                      |
| Tangible Personal Property                     | 3,044,260                       | 2,970,300                      |
| Total Assessed Value                           | <u>\$49,193,210</u>             | <u>\$58,534,670</u>            |
| Tax rate per \$1,000 of assessed valuation     | \$33.80                         | \$33.80                        |

### **NOTE 5 - RECEIVABLES**

Receivables at June 30, 2006 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, 2006**

#### **NOTE 6 - INTERFUND BALANCES**

Following is a summary of interfund receivables/payables for all funds at June 30, 2006:

| Fund                     | Interfund Loans<br>Receivable | Interfund Loans<br>Payable |
|--------------------------|-------------------------------|----------------------------|
| General Fund             | \$40,048                      | \$0                        |
| Other Governmental Funds | 0                             | 40,048                     |
| Totals                   | <u>\$40,048</u>               | <u>\$40,048</u>            |

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

#### **NOTE 7 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2005:

##### **Historical Cost:**

| Class   | June 30, 2005       | Additions       | Deletions  | June 30, 2006       |
|---|---------------------|-----------------|------------|---------------------|
| <b>Capital assets not being depreciated:</b>  |                     |                 |            |                     |
| Land  | \$78,390            | \$0             | \$0        | \$78,390            |
| <b>Capital assets being depreciated:</b>      |                     |                 |            |                     |
| Land Improvements                             | 628,248             | 0               | 0          | 628,248             |
| Buildings and Improvements                    | 17,143,196          | 0               | 0          | 17,143,196          |
| Machinery/Equipment and<br>Furniture/Fixtures | 4,437,399           | 41,136          | 0          | 4,478,535           |
| Vehicles                                      | 902,821             | 0               | 0          | 902,821             |
| Total Cost                                    | <u>\$23,190,054</u> | <u>\$41,136</u> | <u>\$0</u> | <u>\$23,231,190</u> |

##### **Accumulated Depreciation:**

| Class   | June 30, 2005         | Additions           | Deletions  | June 30, 2006         |
|---|-----------------------|---------------------|------------|-----------------------|
| Land Improvements                             | (\$207,824)           | (\$30,527)          | \$0        | (\$238,351)           |
| Buildings and Improvements                    | (5,691,550)           | (458,711)           | 0          | (6,150,261)           |
| Machinery/Equipment and<br>Furniture/Fixtures | (3,625,606)           | (230,282)           | 0          | (3,855,888)           |
| Vehicles                                      | (634,952)             | (52,849)            | 0          | (687,801)             |
| Total Depreciation                            | <u>(\$10,159,932)</u> | <u>(\$772,369)*</u> | <u>\$0</u> | <u>(\$10,932,301)</u> |
| <b>Net Value:</b>                             | <u>\$13,030,122</u>   |                     |            | <u>\$12,298,889</u>   |

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 7 - CAPITAL ASSETS (Continued)**

\* Depreciation expenses were charged to governmental functions as follows:

|   |                  |
|---|------------------|
| Instruction                             | \$680,902        |
| Support Services:                       |                  |
| Instructional Staff                     | 5,195            |
| Administration                          | 26,865           |
| Fiscal Services                         | 783              |
| Operations & Maintenance of Plant       | 56,371           |
| Pupil Transportation                    | 704              |
| Operation of Non-Instructional Services | 962              |
| Extracurricular Activities              | 587              |
| Total Depreciation Expense              | <u>\$772,369</u> |

### **NOTE 8- 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 Employees Retirement System of Ohio (SERS of Ohio)**

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio 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 state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2005, (latest information available) 10.57% was allocated to fund the pension benefit and 3.43% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$174,492, \$166,896, and \$171,036, respectively, which were equal to the required contributions for each year.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. School Employees Retirement System of Ohio (SERS of Ohio)**

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. The portion of the 2005 employer contribution rate (latest information available) that was used to fund health care for the year 2005 was 3.43%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2006, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The amount contributed to fund health care benefits, including the surcharge amounted to \$42,750.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2005 were \$178,221,113. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

##### **B. State Teachers Retirement System of Ohio (STRS of Ohio)**

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)**

receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2005, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$612,948, \$557,520, and \$569,232, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2005, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$43,782 for the District. The balance of the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, the net health care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006**

#### **NOTE 9 - 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, 2006 are as follows:

|                                 |                      |          | Balance            |                  |                    | Balance            | Amount Due         |
|---------------------------------|----------------------|----------|--------------------|------------------|--------------------|--------------------|--------------------|
|                                 |                      |          | June 30, 2005      | Additions        | Deductions         | June 30, 2006      | Within<br>One Year |
| <b>Governmental Activities:</b> |                      |          |                    |                  |                    |                    |                    |
| General Obligation Bonds:       |                      |          |                    |                  |                    |                    |                    |
| 1986                            | School Facilities    | 7.38%    | \$340,000          | \$0              | (\$55,000)         | \$285,000          | \$55,000           |
| 2000                            | Classroom Facilities | 4.8-5.6% | 1,006,000          | 0                | (45,000)           | 961,000            | 45,000             |
| 2003                            | General Bond         | 3.5-4.9% | 390,000            | 0                | (25,000)           | 365,000            | 25,000             |
| Total General Obligation Bonds  |                      |          | 1,736,000          | 0                | (125,000)          | 1,611,000          | 125,000            |
| Compensated Absences            |                      |          | 483,928            | 487,841          | (483,928)          | 487,841            | 35,410             |
| Total Long-Term Obligations     |                      |          | <u>\$2,219,928</u> | <u>\$487,841</u> | <u>(\$608,928)</u> | <u>\$2,098,841</u> | <u>\$160,410</u>   |

#### **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, 2006, follows:

| Years     | General Obligation Bonds |                  |
|-----------|--------------------------|------------------|
|           | Principal                | Interest         |
| 2007      | \$125,000                | \$84,825         |
| 2008      | 130,000                  | 77,542           |
| 2009      | 130,000                  | 70,123           |
| 2010      | 140,000                  | 62,244           |
| 2011      | 150,000                  | 53,663           |
| 2012-2016 | 301,000                  | 391,897          |
| 2017-2021 | 450,000                  | 110,898          |
| 2022-2023 | 185,000                  | 10,500           |
| Totals    | <u>\$1,611,000</u>       | <u>\$861,692</u> |

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

#### **NOTE 10 - STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2006, the reserve activity (cash-basis) was as follows:

|  | Textbook<br>Reserve | Capital<br>Acquisition<br>Reserve | Budget<br>Stabilization<br>Reserve | Total         |
|--|---------------------|-----------------------------------|------------------------------------|---------------|
| Set-aside Cash Balance as of June 30, 2005 | (\$84,594)          | (\$4,464,246)                     | \$126,502                          | (\$4,422,338) |
| Current Year Set-Aside Requirement         | 161,662             | 161,662                           | 0                                  | 323,324       |
| Current Year Offset Credits                | 0                   | (32,101)                          | 0                                  | (32,101)      |
| Qualifying Disbursements                   | (108,745)           | (28,897)                          | 0                                  | (137,642)     |
| Total                                      | (\$31,677)          | (\$4,363,582)                     | \$126,502                          | (\$4,268,757) |
| Cash Balance Carried Forward to FY 2007    | (\$31,677)          | (\$4,363,582)                     | \$126,502                          | (\$4,268,757) |

The district had qualifying disbursements and balance carry forward that reduced the textbook set-aside amount below zero, this extra amount is being carried forward to reduce the set-aside requirements of future years.

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

#### **NOTE 11 - JOINTLY GOVERNED ORGANIZATION**

*Southeast Ohio Voluntary Educational Cooperative (SEOVEC)* - SEOVEC was created as a regional council of governments pursuant to state statutes. SEOVEC is a computer cooperative 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. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board, which is selected by member districts. The District is the fiscal agent for SEOVEC. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information, write to: Southeast Ohio Voluntary Educational Cooperative, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

*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 eleven appointed representatives from the eight 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.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 11 - JOINTLY GOVERNED ORGANIZATION (Continued)**

*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 fourteen 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 2006.

### **NOTE 12 - 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 2006 the District contracted with several different insurance providers for various insurance coverages, as follows:

| Insurance Provider        | Coverage          | Deductible |
|---------------------------|-------------------|------------|
| Indiana Insurance Company | Property & Boiler | \$1,000    |
| Indiana Insurance Company | Automobile        | \$250      |
|                           |                   | \$500      |
| Harcum-Schuett            | General Liability | \$0        |
| Harcum-Schuett            | Education Legal   | \$5,000    |
| Harcum-Schuett            | Liability         | \$5,000    |

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 maintains a limited medical insurance program for employees. Premiums are 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. An internal service fund is presented in the financial statements and reflects premiums paid into the self-insurance fund by other funds which are available to pay claims and administrative costs, and establish claims reserves. The outstanding claims at June 30, 2006, for the medical self-insurance program amounted to \$333,241.

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting



# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 12 - RISK MANAGEMENT (Continued)**

of school district superintendents and treasurers. Hylant Group Inc. is the administrator of the OSP and is responsible for processing claims. Harcum-Schuetz Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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 13 – INSURANCE PURCHASING POOL**

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

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

### **NOTE 14 - CONTINGENCIES**

#### **A. Grants**

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, 2006.

#### **B. State School Funding**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed, 'the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient.' The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Crooksville Exempted Village School District  
Crooksville, Ohio 43731

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crooksville Exempted Village School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Crooksville Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Crooksville Exempted Village School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*. We noted certain immaterial instances of noncompliance, which we have reported to management of Crooksville Exempted Village School District in a separate letter dated November 28, 2006.

This report is intended for the information of the District's Board of Education, management, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
November 28, 2006

**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Crooksville Exempted Village School District  
Crooksville, Ohio 43731

**Compliance**

We have audited the compliance of Crooksville Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2006. Crooksville Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Crooksville Exempted Village School District management. Our responsibility is to express an opinion on Crooksville Exempted Village School District's compliance based on our audit.

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

In our opinion, the Crooksville Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

**Internal Control Over Compliance**

The management of Crooksville Exempted Village School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Crooksville Exempted Village School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Page 2

This report is intended for the information of the Board of Education, management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
November 28, 2006

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION 505**

**1. Summary of Auditor's Results**

|              |  |  |
|--------------|--|--|
| (d)(1)(I)    | Type of Financial Statement Opinion  | Unqualified  |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?         | NO   |
| (d)(1)(ii)   | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | NO   |
| (d)(1)(iii)  | Was there any reported non-compliance at the financial statement level (GAGAS)?                                | No   |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major federal programs?              | NO   |
| (d)(1)(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs?      | NO   |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion   | Unqualified  |
| (d)(1)(vi)   | Are there any reportable findings under section. 510?  | NO   |
| (d)(1)(vii)  | Major Programs:  | Nutrition Cluster; CFDA #10.553<br>10.555<br>10.556<br><br>Improving Teacher Quality, CFDA #84.367 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs:   | Type A: >\$300,000; Type B: All Others   |
| (d)(1)(ix)   | Low Risk Auditee?  | Yes  |

**2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

NONE

**3. Findings and Questioned Costs for Federal Awards**

NONE

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

| Federal Grantor/<br>Sub-Grantor<br>Program Title                    | Pass Through<br>Entity Number | Federal<br>CFDA<br>Number | Receipts     | Non-Cash<br>Receipts | Disbursements | Non-Cash<br>Disbursements |
|---|-------------------------------|---------------------------|--------------|----------------------|---------------|---------------------------|
| <b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>                       |                               |                           |              |                      |               |                           |
| Pass through Ohio Department of Education                           |                               |                           |              |                      |               |                           |
| Nutrition Cluster   |                               |                           |              |                      |               |                           |
| National School Breakfast Program                                   | n/a                           | 10.553                    | \$ 108,830   | -                    | \$ 108,830    | -                         |
| National School Lunch Program                                       | n/a                           | 10.555                    | 180,006      | -                    | 180,006       | -                         |
| Special Milk Program  | n/a                           | 10.556                    | 2,026        | -                    | 2,026         | -                         |
| Total Nutrition Cluster   |                               |                           | 290,862      | -                    | 290,862       | -                         |
| Food Distribution Program   | n/a                           | 10.550                    | -            | 26,281               | -             | 26,281                    |
| <b>Total U.S. Department of Agriculture</b>                         |                               |                           | 290,862      | 26,281               | 290,862       | 26,281                    |
| <b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>                         |                               |                           |              |                      |               |                           |
| Pass through Ohio Department of Education                           |                               |                           |              |                      |               |                           |
| Title I Educationally Deprived Children                             | 045351C1S12006                | 84.010                    | 213,409      | -                    | 203,178       | -                         |
|   |                               |                           | 213,409      | -                    | 203,178       | -                         |
| Special Education Cluster:  |                               |                           |              |                      |               |                           |
| Title VI-B Special Education Assistance<br>for Handicapped Children | 0453516BSF05P                 | 84.027                    | 15,008       | -                    | 16,907        | -                         |
|   | 0453516BSF06P                 |                           | 236,809      | -                    | 227,280       | -                         |
| Special Education Preschool Grant                                   | 045351PGSC05P                 | 84.173                    | 750          | -                    | 750           | -                         |
|   | 045351PGSC06P                 |                           | 7,595        | -                    | 8,479         | -                         |
|   |                               |                           | 260,162      | -                    | 253,416       | -                         |
| Drug Free Schools Grant   | 045351DRS12006                | 84.186                    | 6,879        | -                    | 6,879         | -                         |
|   |                               |                           | 6,879        | -                    | 6,879         | -                         |
| Innovative Education Program Strategies                             | 045351C2S12005                | 84.298                    | 4,584        | -                    | 2,094         | -                         |
|   | 045351C2S12006                |                           | 3,374        | -                    | 1,675         | -                         |
|   |                               |                           | 7,958        | -                    | 3,769         | -                         |
| Education Technology State Grants                                   | 045351TJS12005                | 84.318                    | 10           | -                    | 419           | -                         |
|   | 045351TJS12006                |                           | 4,108        | -                    | 4,108         | -                         |
|   |                               |                           | 4,118        | -                    | 4,527         | -                         |
| Reading First-Ohio  | 045351RSS12005                | 84.357                    | 169,600      | -                    | 107,488       | -                         |
|   | 045351RSS12006                |                           | 326,203      | -                    | 318,331       | -                         |
|   |                               |                           | 495,803      | -                    | 425,819       | -                         |
| Improving Teacher Quality State Grants                              | 045351TRS12005                | 84.367                    | 27,498       | -                    | 14,068        | -                         |
|   | 045351TRS12006                |                           | 41,109       | -                    | 42,259        | -                         |
|   |                               |                           | 68,607       | -                    | 56,327        | -                         |
| <b>Total U.S. Department of Education</b>                           |                               |                           | 1,056,936    | -                    | 953,915       | -                         |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>         |                               |                           |              |                      |               |                           |
| ( PASS THROUGH Ohio Department of MR/DD)                            |                               |                           |              |                      |               |                           |
| State Childrens Insurance Program                                   | n/a                           | 93.767                    | 1,722        | -                    | 1,722         | -                         |
|   |                               |                           | 1,722        | -                    | 1,722         | -                         |
| Medical Assistance - CAFS   | n/a                           | 93.778                    | 13,914       | -                    | 13,914        | -                         |
|   |                               |                           | 13,914       | -                    | 13,914        | -                         |
| <b>Total U.S. Department of Health and Human Services</b>           |                               |                           | 15,636       | -                    | 15,636        | -                         |
| <b>Total Federal Awards Expenditures</b>                            |                               |                           | \$ 1,363,434 | \$ 26,281            | \$ 1,260,413  | \$ 26,281                 |

See notes to Schedule of Federal Awards Expenditures.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B – CHILD NUTRITION CLUSTER

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

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







**Mary Taylor, CPA**  
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  
FEBRUARY 13, 2007**