



Dave Yost • Auditor of State

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	19
Statement of Fund Net Position – Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund.....	21
Statement of Cash Flows – Proprietary Fund.....	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	24
Notes to the Basic Financial Statements	25
Federal Awards Receipts and Expenditures Schedule.....	51
Notes to the Federal Awards Receipts and Expenditures Schedule	52
Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance Required by OMB Circular A-133	55
Schedule of Findings.....	57
Independent Accountants' Report on Applying Agreed-Upon Procedure	59

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flow thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2014

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Carrollton Exempted Village School District
Carroll County, Ohio

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

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

Financial Highlights

Key financial highlights for 2013 are as follows:

- Net position decreased \$250,451, which represents a 2.42 percent decrease from 2012.
- Capital assets decreased \$227,600 during fiscal year 2013.
- During the year, outstanding debt increased from \$500,000 to \$540,675 due to principal payments made by the School District and the inception of a capital lease.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Carrollton Exempted Village School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Carrollton Exempted Village School District
Carroll County, Ohio

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

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 20.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 23 and 24. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

Table 1
Net Position

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	\$ 14,277,521	\$ 14,256,102
Capital Assets	5,466,856	5,694,456
<i>Total Assets</i>	19,744,377	19,950,558
 Liabilities		
Other Liabilities	7,691,266	7,675,784
Long-Term Liabilities	1,961,719	1,932,931
<i>Total Liabilities</i>	9,652,985	9,608,715
 Net Position		
Net Investment in Capital Assets	5,368,006	5,694,456
Restricted	68,424	25,284
Unrestricted	4,654,962	4,622,103
<i>Total Net Position</i>	\$ 10,091,392	\$ 10,341,843

At year end, capital assets represented 27.7 percent of total assets. Capital assets include, land, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment, and vehicles. The net investment in capital assets was \$5,368,006 at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$68,424 or 0.68 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$4,654,962 may be used to meet the government's ongoing obligations to students and creditors.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,142,874	\$ 934,303
Operating Grants	1,919,955	1,973,308
Total Program Revenues	3,062,829	2,907,611
<i>General Revenues:</i>		
Property Taxes	6,881,093	5,839,918
Grants and Entitlements Not Restricted	11,948,647	11,940,113
Other	101,013	120,046
Total General Revenues	18,930,753	17,900,077
Total Revenues	21,993,582	20,807,688
Program Expenses		
<i>Instruction:</i>		
Regular	8,789,207	9,754,003
Special	3,008,054	2,124,515
Vocational	284,861	285,752
Adult/Continuing	1,602	0
Student Intervention Services	16,728	19,072
Other	392,121	348,976
<i>Support Services:</i>		
Pupils	1,431,102	1,481,448
Instructional Staff	955,479	959,453
Board of Education	38,049	23,708
Administration	1,652,917	1,686,303
Fiscal	640,483	648,684
Business	143,696	68,005
Operation and Maintenance of Plant	1,712,406	2,489,142
Pupil Transportation	1,598,264	1,789,443
Central	42,543	42,818
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	810,156	722,532
Community Services	12,524	65,882
Other	27,634	315
Extracurricular Activities	676,643	609,552
<i>Debt Service:</i>		
Interest and Fiscal Charges	9,564	0
Total Expenses	22,244,033	23,119,603
Increase (Decrease) in Net Position	(250,451)	(2,311,915)
Net Position at Beginning of Year	10,341,843	12,653,758
Net Position at End of Year	\$ 10,091,392	\$ 10,341,843

The decrease in regular instruction expense can be attributed to a decrease in salaries and benefits in fiscal year 2013. Additionally, expenditures were higher in 2012 due to the School District's self-insurance fund reporting a significant loss for the year. In fiscal year 2013, the self-insurance fund activity was nearly break-even.

Carrollton Exempted Village School District
Carroll County, Ohio

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
Instruction:				
Regular	\$ 8,789,207	\$ 9,754,003	\$ 8,078,782	\$ 9,065,193
Special	3,008,054	2,124,515	2,001,829	1,462,188
Vocational	284,861	285,752	245,984	246,875
Adult/Continuing	1,602	0	1,602	0
Student Intervention Services	16,728	19,072	16,728	19,072
Other	392,121	348,976	392,121	319,061
Support Services:				
Pupils	1,431,102	1,481,448	1,269,536	1,150,481
Instructional Staff	955,479	959,453	629,320	605,921
Board of Education	38,049	23,708	38,049	23,708
Administration	1,652,917	1,686,303	1,620,045	1,650,023
Fiscal	640,483	648,684	640,483	648,684
Business	143,696	68,005	143,696	68,005
Operation and Maintenance of Plant	1,712,406	2,489,142	1,703,406	2,467,496
Pupil Transportation	1,598,264	1,789,443	1,582,732	1,781,805
Central	42,543	42,818	42,543	42,818
Operation of Non-Instructional Services:				
Food Service Operations	810,156	722,532	260,116	146,413
Community Services	12,524	65,882	4,848	18,988
Other	27,634	315	12,153	315
Extracurricular Activities	676,643	609,552	487,667	494,946
Debt Service:				
Interest and Fiscal Charges	9,564	0	9,564	0
Total Expenses	\$ 22,244,033	\$ 23,119,603	\$ 19,181,204	\$ 20,211,992

The dependence upon general revenues for governmental activities is apparent. Over 85 percent of governmental activities are supported through taxes and other general revenues; such revenues are 86.07 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Carrollton Exempted Village School District
Carroll County, Ohio

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

Governmental Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,065,695 and expenditures of \$22,043,742 for fiscal year.

The general fund's net change in fund balance for fiscal year 2013 was an increase of \$86,205. This increase can mostly be attributed to an increase in property tax revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue, excluding other financing sources, of \$19,397,093 was \$20,355 higher than the final budget basis revenue. Most of this difference is due to an underestimation of intergovernmental and tuition and fees.

Final expenditure appropriations of \$20,843,701 were \$728,590 higher than the actual expenditures of \$20,115,111, as cost savings were recognized for instruction and student support services throughout the year.

Carrollton Exempted Village School District
Carroll County, Ohio

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$5,466,856 invested in capital assets. Table 4 shows fiscal year 2013 balances compared with 2012.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 112,325	\$ 112,325
Land Improvements	547,844	602,731
Buildings and Building Improvements	3,097,718	3,163,889
Improvements Other Than Buildings	152,616	160,529
Furniture and Fixtures	135,187	137,561
Machinery and Equipment	642,528	595,306
Vehicles	778,638	922,115
<i>Totals</i>	\$ 5,466,856	\$ 5,694,456

The \$227,600 decrease in capital assets was attributable to depreciation and disposals exceeding current year additional purchases. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2013, the School District had \$441,825 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

(Table 5)
Outstanding Debt at Year End

	Governmental Activities	
	2013	2012
School Energy Conservation Improvement Bonds	\$ 441,825	\$ 500,000
Capital Lease Payable	98,850	0
<i>Total</i>	\$ 540,675	\$ 500,000

**Carrollton Exempted Village School District
Carroll County, Ohio**

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

Current Issues

The Carrollton Exempted Village School District does not receive strong support from the residents of the School District in the form of local tax issues. The School District currently has an effective millage rate of 20 mills, which is the lowest allowed by law. The last operating levy passed by the residents was in November 1977. From 1997 to 1999, numerous bond issues and one permanent improvement levy were all voted down by approximately 60 percent. An emergency levy of \$1,750,000 (5.3 mills) was attempted in May, 2013 and November, 2013. They too, ended with the same 60 percent defeat.

The Carrollton Exempted Village School District does not anticipate any growth in State revenue. HB59 (State budget for FY14 & FY15) funding simulations indicate that the School District will be on a transitional aid guarantee. Steady declining enrollment over the past decade has caused the School District to frequently be placed on funding guarantees. Although these guarantees protect against heavy State revenue loss, receiving this aid means that revenue is not increasing, while costs are increasing. In addition to the stagnant State revenue in recent years, in FY2010 and FY2011, State funding was made whole with federal stimulus money that is now gone and is not being filled by any other revenue stream.

With minimal support from the local taxpayers, no State funding increases, and no final resolution to the replacement of federal stimulus money that made State funding whole, revenues have not kept pace with expense increases. Planning to meet the growing costs of salaries and fringe benefits, caring for aged buildings, the need to keep an efficient bus fleet, along with providing new educational technology opportunities for students, has become a concern for the School District. All scenarios require management to plan carefully and prudently in order to provide all the resources required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Roxanne Mazur, Treasurer of Carrollton Exempted Village School District, 252 Third St. NE, Carrollton, Ohio 44615 or car_roxanne@omeresanet.net.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,943,704
Cash and Cash Equivalents with Fiscal Agent	2,557,853
Materials and Supplies Inventory	60,578
Receivables:	
Accounts	71,376
Intergovernmental	354,847
Property Taxes	6,289,163
Nondepreciable Capital Assets	112,325
Depreciable Capital Assets (Net)	5,354,531
<i>Total Assets</i>	19,744,377
Liabilities	
Accounts Payable	41,254
Accrued Wages and Benefits	1,972,675
Intergovernmental Payable	523,435
Accrued Vacation Leave Payable	43,298
Matured Compensated Absences Payable	33,553
Claims Payable	497,506
Deferred Revenue	4,579,545
Long Term Liabilities:	
Due Within One Year	219,269
Due In More Than One Year	1,742,450
<i>Total Liabilities</i>	9,652,985
Net Position	
Net Investment in Capital Assets	5,368,006
Restricted For:	
Other Purposes	68,424
Unrestricted	4,654,962
<i>Total Net Position</i>	\$ 10,091,392

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 8,789,207	\$ 654,630	\$ 55,795	\$ (8,078,782)
Special	3,008,054	131,367	874,858	(2,001,829)
Vocational	284,861	0	38,877	(245,984)
Adult/Continuing	1,602	0	0	(1,602)
Student Intervention Services	16,728	0	0	(16,728)
Other	392,121	0	0	(392,121)
Support Services:				
Pupils	1,431,102	0	161,566	(1,269,536)
Instructional Staff	955,479	0	326,159	(629,320)
Board of Education	38,049	0	0	(38,049)
Administration	1,652,917	0	32,872	(1,620,045)
Fiscal	640,483	0	0	(640,483)
Business	143,696	0	0	(143,696)
Operation and Maintenance of Plant	1,712,406	0	9,000	(1,703,406)
Pupil Transportation	1,598,264	15,532	0	(1,582,732)
Central	42,543	0	0	(42,543)
Operation of Non-Instructional Services:				
Food Service Operations	810,156	145,045	404,995	(260,116)
Community Services	12,524	0	7,676	(4,848)
Other	27,634	15,481	0	(12,153)
Extracurricular Activities	676,643	180,819	8,157	(487,667)
Debt Service:				
Interest and Fiscal Charges	9,564	0	0	(9,564)
Total	\$ 22,244,033	\$ 1,142,874	\$ 1,919,955	(19,181,204)

General Revenues

Property Taxes Levied for General Purposes	6,881,093
Grants and Entitlements Not Restricted to Specific Programs	11,948,647
Investment Earnings	18,033
Miscellaneous	82,980
Total General Revenues	18,930,753
Change in Net Position	(250,451)
Net Position Beginning of Year	10,341,843
Net Position End of Year	\$ 10,091,392

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,708,124	\$ 235,580	\$ 4,943,704
Materials and Supplies Inventory	60,578	0	60,578
Receivables:			
Accounts	70,640	0	70,640
Interfund	213,559	0	213,559
Intergovernmental	140,590	214,257	354,847
Property Taxes	6,289,163	0	6,289,163
<i>Total Assets</i>	<u>\$ 11,482,654</u>	<u>\$ 449,837</u>	<u>\$ 11,932,491</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 40,751	\$ 503	\$ 41,254
Accrued Wages and Benefits	1,779,755	192,920	1,972,675
Intergovernmental Payable	497,531	25,904	523,435
Matured Compensated Absences Payable	29,927	3,626	33,553
Interfund Payable	0	213,559	213,559
Deferred Revenue	4,466,904	697	4,467,601
<i>Total Liabilities</i>	<u>6,814,868</u>	<u>437,209</u>	<u>7,252,077</u>
Fund Balances			
Nonspendable	60,578	0	60,578
Restricted	0	89,742	89,742
Assigned	1,842,503	0	1,842,503
Unassigned	2,764,705	(77,114)	2,687,591
<i>Total Fund Balances</i>	<u>4,667,786</u>	<u>12,628</u>	<u>4,680,414</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 11,482,654</u>	<u>\$ 449,837</u>	<u>\$ 11,932,491</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances		\$ 4,680,414
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,466,856
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 189,163	
Intergovernmental	<u>34,313</u>	
Total		223,476
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,725,663
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Bonds	(441,825)	
Capital Lease Payable	(98,850)	
Accrued Vacation Payable	(43,298)	
Compensated Absences	<u>(1,421,044)</u>	
Total		<u>(2,005,017)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 10,091,392</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 6,907,336	\$ 0	\$ 6,907,336
Intergovernmental	11,942,895	1,912,792	13,855,687
Investment Income	1,773	0	1,773
Tuition and Fees	798,347	0	798,347
Extracurricular Activities	15,035	180,819	195,854
Rentals	49,864	0	49,864
Charges for Services	15,168	106,689	121,857
Contributions and Donations	44,630	8,157	52,787
Miscellaneous	82,190	0	82,190
<i>Total Revenues</i>	<u>19,857,238</u>	<u>2,208,457</u>	<u>22,065,695</u>
Expenditures			
Current:			
Instruction:			
Regular	8,739,328	62,332	8,801,660
Special	2,171,472	836,127	3,007,599
Vocational	268,669	0	268,669
Student Intervention Services	16,728	0	16,728
Adult/Continuing	1,602	0	1,602
Other	392,121	0	392,121
Support Services:			
Pupils	1,256,369	154,683	1,411,052
Instructional Staff	627,482	331,041	958,523
Board of Education	38,024	0	38,024
Administration	1,620,506	34,173	1,654,679
Fiscal	647,707	0	647,707
Business	93,877	0	93,877
Operation and Maintenance of Plant	1,724,818	9,000	1,733,818
Pupil Transportation	1,435,739	0	1,435,739
Central	42,543	0	42,543
Extracurricular Activities	440,496	178,579	619,075
Operation of Non-Instructional Services:			
Food Service Operations	16,103	787,798	803,901
Community Services	0	7,827	7,827
Other	27,634	0	27,634
Capital Outlay	13,225	0	13,225
Debt Service:			
Principal Retirement	58,175	0	58,175
Interest and Fiscal Charges	9,564	0	9,564
<i>Total Expenditures</i>	<u>19,642,182</u>	<u>2,401,560</u>	<u>22,043,742</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>215,056</u>	<u>(193,103)</u>	<u>21,953</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	10	0	10
Proceeds of Lease Purchase	98,850	0	98,850
Insurance Recoveries	778	0	778
Transfers In	0	228,489	228,489
Transfers Out	(228,489)	0	(228,489)
<i>Total Other Financing Sources (Uses)</i>	<u>(128,851)</u>	<u>228,489</u>	<u>99,638</u>
<i>Net Change in Fund Balance</i>	86,205	35,386	121,591
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,581,581</u>	<u>(22,758)</u>	<u>4,558,823</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 4,667,786</u>	<u>\$ 12,628</u>	<u>\$ 4,680,414</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District
Carroll County, Ohio**

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

Net Change in Fund Balances - Total Governmental Funds	\$	121,591
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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 outlay in the current period.		
Capital Asset Additions	\$ 257,474	
Current Year Depreciation	<u>(430,038)</u>	(172,564)
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(55,036)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(26,243)	
Intergovernmental	<u>(78,781)</u>	(105,024)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		58,175
 Debt proceeds issued, and the inception of new capital leases, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Capital Lease		(98,850)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(2,656)
 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 governmental funds.		
Compensated Absences	11,887	
Accrued Vacation Payable	<u>(7,974)</u>	3,913
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u><u>(250,451)</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 6,045,000	\$ 6,670,000	\$ 6,673,861	\$ 3,861
Intergovernmental	11,913,000	11,906,707	11,913,149	6,442
Investment Income	2,500	2,500	1,773	(727)
Tuition and Fees	619,000	696,531	706,435	9,904
Rentals	8,000	50,000	50,373	373
Charges for Services	0	15,000	15,168	168
Contributions and Donations	10,000	29,000	29,042	42
Miscellaneous	7,000	7,000	7,292	292
<i>Total Revenues</i>	<u>18,604,500</u>	<u>19,376,738</u>	<u>19,397,093</u>	<u>20,355</u>
Expenditures				
Current:				
Instruction:				
Regular	9,697,902	9,587,591	8,715,782	871,809
Special	1,846,577	1,846,577	2,370,556	(523,979)
Vocational	278,369	278,369	275,726	2,643
Student Intervention Services	20,273	20,273	16,728	3,545
Other	334,142	334,142	394,551	(60,409)
Support Services:				
Pupils	1,134,522	1,134,522	1,265,909	(131,387)
Instructional Staff	592,167	592,167	630,554	(38,387)
Board of Education	63,007	63,007	38,169	24,838
Administration	1,627,151	1,627,151	1,638,437	(11,286)
Fiscal	649,477	649,477	650,305	(828)
Business	58,156	58,156	93,786	(35,630)
Operation and Maintenance of Plant	2,481,203	2,485,940	1,884,261	601,679
Pupil Transportation	1,573,444	1,573,444	1,553,483	19,961
Central	45,157	45,157	42,543	2,614
Extracurricular Activities	464,723	464,723	443,481	21,242
Operation of Non-Instructional Services:				
Food Service Operations	14,740	14,740	19,476	(4,736)
Capital Outlay	527	527	13,625	(13,098)
Debt Service:				
Principal Retirement	58,175	58,175	58,175	0
Interest and Fiscal Charges	9,563	9,563	9,564	(1)
<i>Total Expenditures</i>	<u>20,949,275</u>	<u>20,843,701</u>	<u>20,115,111</u>	<u>728,590</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,344,775)</u>	<u>(1,466,963)</u>	<u>(718,018)</u>	<u>748,945</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	10	10
Refund of Prior Year Expenditures	30,000	91,666	91,666	0
Refund of Prior Year Receipts	0	0	(50)	(50)
Proceeds of Lease Purchase	0	98,850	98,850	0
Insurance Recoveries	0	0	778	778
Advances In	300,000	685,842	685,842	0
Transfers In	0	4,737	0	(4,737)
Advances Out	(300,000)	(500,000)	(746,941)	(246,941)
Transfers Out	(150,000)	(150,000)	(228,489)	(78,489)
<i>Total Other Financing Sources (Uses)</i>	<u>(120,000)</u>	<u>231,095</u>	<u>(98,334)</u>	<u>(329,429)</u>
<i>Net Change in Fund Balance</i>	<u>(2,464,775)</u>	<u>(1,235,868)</u>	<u>(816,352)</u>	<u>419,516</u>
<i>Fund Balance Beginning of Year</i>	<u>4,495,700</u>	<u>4,495,700</u>	<u>4,495,700</u>	<u>0</u>
Prior Year Encumbrances Appropriated	599,865	599,865	599,865	0
<i>Fund Balance End of Year</i>	<u>\$ 2,630,790</u>	<u>\$ 3,859,697</u>	<u>\$ 4,279,213</u>	<u>\$ 419,516</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2013

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	\$ 2,557,853
Accounts Receivable	736
<i>Total Current Assets</i>	2,558,589
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	497,506
Deferred Revenue	335,420
<i>Total Current Liabilities</i>	832,926
Net Position	
Unrestricted	\$ 1,725,663

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenue	
Charges for Services	<u>\$ 3,731,067</u>
Operating Expenses	
Purchased Services	136,942
Claims	<u>3,613,041</u>
<i>Total Operating Expenses</i>	<u>3,749,983</u>
<i>Operating Income (Loss)</i>	<u>(18,916)</u>
Non-Operating Revenues (Expenses)	
Interest	<u>16,260</u>
<i>Change in Net Position</i>	(2,656)
<i>Net Position Beginning of Year</i>	<u>1,728,319</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,725,663</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,727,050
Cash Paid for Goods and Services	(136,942)
Cash Paid for Claims	(3,386,903)
	203,205
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>203,205</i>
Cash Flows From Investing Activities	
Interest on Investments	16,260
	16,260
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>219,465</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>2,338,388</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$ 2,557,853</i>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (18,916)
(Increase) Decrease Assets:	
Accounts Receivable	(736)
Increase (Decrease) in Liabilities:	
Claims Payable	226,138
Deferred Revenue	(3,281)
	222,121
<i>Total Adjustments</i>	<i>222,121</i>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>\$ 203,205</i>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District

Carroll County, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 50,153	\$ 38,843
	<u> </u>	<u> </u>
Liabilities		
Accounts Payable	0	\$ 305
Undistributed Monies	0	1,381
Due to Students	0	37,157
	<u> </u>	<u> </u>
<i>Total Liabilities</i>	0	\$ 38,843
	<u> </u>	<u> </u>
Net Position		
Held in Trust for Scholarships	\$ 50,153	
	<u> </u>	

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	<u>\$ 20,000</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>17,500</u>
<i>Change in Net Position</i>	2,500
<i>Net Position Beginning of Year</i>	<u>47,653</u>
<i>Net Position End of Year</i>	<u><u>\$ 50,153</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio

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

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1867 with the construction of a six room school house. The School District serves an area of approximately 297 square miles. It is located in Carroll County, and includes all of the Village of Carrollton. The School District is the 164th largest in the State of Ohio (among 611 school districts) in terms of enrollment. The School District currently operates seven instructional buildings, two administrative buildings and one bus garage.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a jointly governed organization. This organization is presented in Note 17.

Note 2 - Summary of Significant Accounting Policies

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio

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

The other governmental funds of the School District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription benefits.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total net position.

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statement as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2013, investments were limited to STAR Ohio and STAR Plus.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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, 2013.

Carrollton Exempted Village School District
Carroll County, Ohio

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

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$1,773, which includes \$637 assigned from other School District funds.

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

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 50 Years
Buildings and Building Improvements	10 - 45 Years
Improvements Other Than Buildings	5 - 50 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 10 Years

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

Carrollton Exempted Village School District
Carroll County, Ohio

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

M. Net Position

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

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

N. Interfund Activity

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

O. Operating Revenues and Expenses

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

Q. Estimates

The preparation of 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 may differ from those estimates.

R. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Note 3 – Accountability

Fund balances at June 30, 2013 included the following individual fund deficits:

<i>Non-Major Special Revenue Funds:</i>		
Food Service	\$	55,796
Title IV-A		668
IDEA		16,364
Title II A		4,286

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

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	\$ 86,205
Net Adjustment for Revenue Accruals	349,434
Net Adjustment for Expenditure Accruals	(841,402)
Funds Budgeted Elsewhere **	(4,437)
Adjustment for Encumbrances	(406,152)
Budget Basis	\$ (816,352)

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Type Fund Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes uniform school supplies and public school support funds.

Note 5 - Deposits and Investments

State statute classifies monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Carrollton Exempted Village School District
Carroll County, Ohio

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2013, the School District and public depositories complied with the provisions of these statutes.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Deposits with Financial Institutions

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

At fiscal year-end, the carrying amount of the School District’s deposits was \$5,022,637. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2013, \$3,567,692 of the School District’s bank balance of \$5,068,384 was exposed to custodial risk as discussed below, while \$1,500,692 was covered by the Federal Deposit Insurance Corporation (FDIC), which includes \$1,000,692 held in a STAR Plus account.

Deposits in interest-bearing and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a coverage limit of \$250,000 per financial institution through June 30, 2013. The School District has both interest-bearing and noninterest-bearing accounts.

Investments

As of June 30, 2013, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 Months or Less</u>
STAR Ohio	<u>\$ 10,063</u>	<u>\$ 10,063</u>

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Carrollton Exempted Village School District
Carroll County, Ohio**

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

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2013, is 58 days and carries a rating of AAAM by Standard and Poor's.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2013:

Investment Type	Fair Value	Percent of Total
STAR Ohio	\$ 10,063	100.00%

Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium, for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$2,557,853. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Note 6 - Property Taxes

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2013 was \$1,855,875 in the general fund. The amount available as an advance at June 30, 2012, was \$1,622,400 in the general fund.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 First- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 290,695,620	89.71%	\$ 297,365,480	88.52%
Public Utility Personal	33,357,390	10.29%	38,552,280	11.48%
Total Assessed Values	<u>\$ 324,053,010</u>	<u>100.00%</u>	<u>\$ 335,917,760</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 29.40</u>		<u>\$ 29.40</u>	

Carrollton Exempted Village School District
Carroll County, Ohio

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

Note 7 - Receivables

Receivables at June 30, 2013, consisted of taxes, accounts (rent, student fees and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance 06/30/2012	Additions	Deletions	Balance 06/30/2013
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 112,325	\$ 0	\$ 0	\$ 112,325
<i>Capital Assets being depreciated</i>				
Land Improvements	1,314,825	0	0	1,314,825
Buildings and Building Improvements	7,063,149	51,956	0	7,115,105
Improvements Other Than Buildings	250,763	0	0	250,763
Furniture and Fixtures	272,364	12,325	(2,150)	282,539
Machinery and Equipment	2,166,089	193,193	(157,539)	2,201,743
Vehicles	2,241,892	0	0	2,241,892
<i>Total Capital Assets Being Depreciated</i>	<u>13,309,082</u>	<u>257,474</u>	<u>(159,689)</u>	<u>13,406,867</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(712,094)	(54,887)	0	(766,981)
Buildings and Building Improvements	(3,899,260)	(118,127)	0	(4,017,387)
Improvements Other Than Buildings	(90,234)	(7,913)	0	(98,147)
Furniture and Fixtures	(134,803)	(14,699)	2,150	(147,352)
Machinery and Equipment	(1,570,783)	(90,935)	102,503	(1,559,215)
Vehicles	(1,319,777)	(143,477)	0	(1,463,254)
<i>Total Accumulated Depreciation</i>	<u>(7,726,951)</u>	<u>(430,038) *</u>	<u>104,653</u>	<u>(8,052,336)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>5,582,131</u>	<u>(172,564)</u>	<u>(55,036)</u>	<u>5,354,531</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 5,694,456</u>	<u>\$ (172,564)</u>	<u>\$ (55,036)</u>	<u>\$ 5,466,856</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 69,696
Special	12,747
Vocational	99
Support Services:	
Pupils	10,263
Instructional Staff	6,981
Administration	170
Fiscal	1,307
Business	9,945
Operation and Maintenance of Plant	99,630
Pupil Transportation	152,846
Operation of Non-Instructional Services:	
Food Service Operations	5,478
Community Services	1,571
Public School Support	2,492
Extracurricular Activities	56,813
<i>Total Depreciation</i>	<i>\$ 430,038</i>

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the School District contracted with the Schools of Ohio Risk Sharing Authority for property and liability insurance coverage as follows:

Coverage	Amount
General Liability:	
Occurrence	\$ 2,000,000
Aggregate	4,000,000
Buildings and Contents	37,001,320
Steam Boiler	50,000,000
Automobile Liability	2,000,000
Excess Liability	10,000,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

Carrollton Exempted Village School District
Carroll County, Ohio

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

B. Employee Medical Benefits

Medical, surgical and dental insurance is offered to all employees through a self insurance internal service fund. The School District is a member of the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$497,506 reported in the internal service fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2013 and 2012 are as follows:

		<u>Balance</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claims</u> <u>Payments</u>		<u>Balance</u> <u>End of Year</u>
2012	\$	198,796	\$	4,041,759	\$	3,969,187	\$	271,368
2013	\$	271,368	\$	3,613,041	\$	3,386,903	\$	497,506

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor 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. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$393,109, \$376,922 and \$308,745, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

Carrollton Exempted Village School District
Carroll County, Ohio

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

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

A DB or Combined Plan member with five or more years of 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.

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,131,385, \$1,132,478 and \$1,171,783, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$20,790 made by the School District and \$14,850 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Carrollton Exempted Village School District
Carroll County, Ohio

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

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$42,537, \$16,323, and \$37,384, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$20,779, \$22,259, and \$19,868, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$80,813, \$87,114, and \$90,137, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 240 days for nine, 10 and 11 month classified employees; 260 for 12 month classified employees; and 240 days for certified employees. Upon retirement, payment is made for 30 percent of total sick leave accumulated; to a maximum of 60 days for classified employees, to a maximum of 60 days for certificated employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan. The Board pays the cost of the monthly premium, \$5.00 per employee.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Note 13 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	<u>Principal Outstanding 06/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 06/30/2013</u>	<u>Amounts Due Within One Year</u>
<i>Governmental Activities</i>					
School Energy Conservation Improvement Bond	\$ 500,000	\$ 0	\$ (58,175)	\$ 441,825	\$ 59,361
Compensated Absences	1,432,931	100,411	(112,298)	1,421,044	128,177
Capital Lease Payable	<u>0</u>	<u>98,850</u>	<u>0</u>	<u>98,850</u>	<u>31,731</u>
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 1,932,931</u>	<u>\$ 199,261</u>	<u>\$(170,473)</u>	<u>\$ 1,961,719</u>	<u>\$ 219,269</u>

During fiscal year 2012, the School District entered into a loan for a House Bill 264 project that consisted of various repairs and upgrades to the school buildings in order to become more energy efficient. The total amount financed for the project was \$500,000. The interest rate on the bonds is 2.02 percent and the maturity date is June 14, 2020. The bonds will be paid from property tax revenue in the general fund.

Compensated absences will be paid from the general and food service funds.

Principal and interest requirements to retire the School Energy Conservation Improvement Bonds outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>H.B. 264 Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 59,361	\$ 8,377
2015	60,571	7,167
2016	61,806	5,932
2017	63,066	4,672
2018	64,352	6,216
2019-2020	<u>132,669</u>	<u>2,810</u>
	<u>\$ 441,825</u>	<u>\$ 35,174</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Note 14 – Capitalized Lease

During fiscal year 2013, the School District entered into a new lease agreement for new copiers. The lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the basic financial statements for the government funds.

These assets have been capitalized in the governmental capital assets in the amount of \$98,850, the present value of the minimum lease payments at the inception of each lease. A corresponding liability was recorded in the statement of net position and is reduced for each required principal payment. The amortization schedule is based upon the repayment of the entire authorized amount of the lease.

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for governmental funds. No lease payments have been made as of June 30, 2013.

The following is a schedule of the future long term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2013:

		<u>Copiers</u>
Year ending June 30,	2014	\$ 35,150
	2015	35,150
	2016	<u>35,150</u>
		105,450
Less amount representing interest		<u>6,600</u>
Present value of minimum lease payments		<u><u>\$ 98,850</u></u>

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Note 15 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:			
Materials and Supplies Inventory	\$ 60,578	\$ 0	\$ 60,578
Restricted for:			
Extracurricular Activities	0	50,150	50,150
Other Purposes	<u>0</u>	<u>39,592</u>	<u>39,592</u>
Total Restricted	<u>0</u>	<u>89,742</u>	<u>89,742</u>
Assigned for:			
Encumbrances:			
Instruction	266,866	0	266,866
Support Services	104,306	0	104,306
Subsequent Year Appropriations	<u>1,471,331</u>	<u>0</u>	<u>1,471,331</u>
Total Assigned	1,842,503	0	1,842,503
Unassigned	2,764,705	(77,114)	2,687,591
<i>Total Fund Balance (Deficit)</i>	<u>\$ 4,667,786</u>	<u>\$ 12,628</u>	<u>\$ 4,680,414</u>

Note 16 – Interfund Activity

A. Interfund Balances

As of June 30, 2013, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

Fund:	<u>Receivable</u>	<u>Payable</u>
General	\$ 213,559	\$ 0
Other Governmental:		
Title VI-B	0	71,670
Title I	0	115,609
HC Preschool	0	4,314
Title II-A	<u>0</u>	<u>21,966</u>
Totals	<u>\$ 213,559</u>	<u>\$ 213,559</u>

Carrollton Exempted Village School District
Carroll County, Ohio

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

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the Statement of Net Position.

B. Interfund Transfers

During the fiscal year, the general fund transferred \$228,489 to the food service fund to provide additional resources for current operations.

Note 17 - Jointly Governed Organization

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Don Donahue, who serves as Treasurer, Steubenville, Ohio 43952. The School District paid \$72,775 to OME-RESA in fiscal year 2013.

Note 18 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2012	\$ 0
Current Year Set-aside Requirement	397,373
Current Year Qualifying Disbursements	(400,927)
Totals	\$ (3,554)
Balance Carried Forward to Fiscal Year 2014	\$ 0
Set-aside Restricted Balance as of June 30, 2013	\$ 0

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2013

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. Therefore, the negative amount is not presented as being carried forward to future years.

Note 19 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. Other Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 371,172
Nonmajor Governmental	180,009
	<u>\$ 551,181</u>

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2013**

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Entity No.	Federal CFDA No.	Receipts	Expenditures
U.S. Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non Cash Assistance:				
National School Lunch Program	2013	10.555	\$39,871	\$39,871
Cash Assistance:				
National School Lunch Program	2013	10.555	305,777	305,777
National School Breakfast Program	2013	10.553	88,863	88,863
Total Child Nutrition Cluster (Cash and Non-Cash)			<u>434,511</u>	<u>434,511</u>
Total U.S. Department of Agriculture			434,511	434,511
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I - Grants to Local Educational Agencies	C1-S1-2012 C1-S1-2013	84.010	65,405 <u>666,478</u>	65,405 <u>680,882</u>
Total Title I - Grants to Local Education Agencies			731,883	746,287
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF-2012 6B-SF-2013	84.027	67,415 <u>426,161</u>	67,415 <u>440,686</u>
Total Special Education Grants to States (IDEA Part B)			493,576	508,101
Preschool Grant	PG-S1-12 PG-S1-13	84.173	3,395 <u>21,709</u>	3,395 <u>22,428</u>
Total Preschool Grant			<u>25,104</u>	<u>25,823</u>
Total Special Education Cluster			518,680	533,924
ARRA - Race to the Top	2013	84.395	1,400	1,400
Title II-A Improving Teacher Quality Program	TR-S1-2012 TR-S1-2013	84.367	16,246 <u>118,808</u>	16,246 <u>122,711</u>
Total Title II-A Improving Teacher Quality Program			<u>135,054</u>	<u>138,957</u>
Total U. S. Department of Education			<u>1,387,017</u>	<u>1,420,568</u>
Total			<u>\$1,821,528</u>	<u>\$1,855,079</u>

See the notes to the Federal Awards Receipts and Expenditures Schedule.

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2014



Dave Yost • Auditor of State

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

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Carrollton Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Carrollton Exempted Village School District's major federal program for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Carrollton Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2014

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 5, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

March 10, 2014

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Dave Yost • Auditor of State

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

CARROLL 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
APRIL 8, 2014**