



Dave Yost • Auditor of State

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Montpelier Exempted Village School District
Williams County
1015 East Brown Road
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams County, Ohio, as of June 30, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General, Food Service, and Classroom Facilities Maintenance funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Award Receipts and Expenditures Schedule also 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.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 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

February 6, 2014

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**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

In total, net position increased \$113,064.

General revenues accounted for \$12,807,129, or 89 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,609,763, or 11 percent of total revenues of \$14,416,892.

The District's major funds included the General Fund, the Bond Retirement Fund, Food Service Fund, and the Classroom Facilities Maintenance Fund. The General Fund had \$8,492,779 in revenues and other financing sources and \$8,260,416 in expenditures and other financing uses. The General Fund's balance increased \$232,363 from the prior fiscal year. The Bond Retirement Fund had \$4,223,844 in revenues and other financing sources and \$4,165,615 in expenditures. The Bond Retirement Fund's balance increased \$58,229 from the prior fiscal year. The Food Service Fund had \$467,442 in revenues and other financing sources and \$506,477 in expenditures. The Food Service Fund's balance decreased \$39,035 from the prior fiscal year. The Classroom Facilities Maintenance Fund had \$75,555 in revenues and \$95,247 in expenditures. The Classroom Facilities Maintenance Fund's balance decreased \$19,692 from the prior fiscal year.

Using the Basic Financial Statements

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 District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund, the Bond Retirement Fund, the Food Service Fund, and the Classroom Facilities Maintenance Funds are the four major funds.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities, both reported on the cash basis, reflect how the District performed financially during fiscal year 2013. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

These statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the District, as a whole, has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013
Unaudited
(Continued)**

financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net position and the statement of activities, the District discloses a single type of activity, its governmental activities which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Bond Retirement Fund, the Food Service Fund, and the Classroom Facilities Maintenance Funds. While the District uses many funds to account for its financial transactions, these are the most significant.

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

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

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2013 compared to fiscal year 2012.

Table 1		
Net Position		
Governmental Activities		
	2013	2012
<u>Assets:</u>		
Current and Other Assets	\$1,863,319	\$1,750,255
Total Assets	1,863,319	1,750,255
<u>Net Position:</u>		
Restricted	1,260,828	1,380,127
Unrestricted	602,491	370,128
Total	\$1,863,319	\$1,750,255

The increase in current assets was primarily attributed to the increase in property tax and income tax revenues. The District began collection of an additional .5 percent of income tax in calendar year 2013.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013
Unaudited
(Continued)**

Table 2 reflects the changes in net position for fiscal year 2013 compared to fiscal year 2012.

Table 2 Change in Net Position Governmental Activities		
	2013	2012
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$765,945	\$851,629
Operating Grants and Contributions	843,818	860,262
Total Program Revenues	1,609,763	1,711,891
General Revenues:		
Property Taxes	2,477,279	2,380,088
Income Taxes	751,716	685,889
Grants and Entitlements	5,556,971	5,757,883
Investment Earnings	4,190	3,744
Gifts and Donations	97,652	42,305
Miscellaneous	78,864	48,504
Refunding Bonds Issued	3,539,997	
Premium on Refunding Bonds Issued	297,855	
Proceeds from Sale of Capital Assets		2,226
Refund of Prior Year Expenditures	2,605	32,518
Total General Revenues	12,807,129	8,953,157
Total Revenues	14,416,892	10,665,048
Expenses:		
Instruction	5,416,517	5,816,009
Support Services:		
Pupils	476,212	481,389
Instructional Staff	162,274	378,702
Board of Education	20,996	20,263
Administration	755,767	845,191
Fiscal	243,101	242,053
Business		79
Operation and Maintenance of Plant	914,931	952,784
Pupil Transportation	447,299	397,894
Central	288,970	380,390
Non-Instructional	511,273	462,477
Extracurricular Activities	522,503	497,743
Capital Outlay	272,898	132,456
Debt Service:		
Principal	3,910,000	330,000
Issuance Costs	48,421	
Advance Refunding Escrow	249,431	
Interest and Fiscal Charges	62,533	161,209
Refund of Prior Year Receipts	702	65,735
Total Expenses	14,303,828	11,164,374
Increase/(Decrease) in Net Position	\$113,064	(\$499,326)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013
Unaudited
(Continued)**

Program receipts account for 11 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 38 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 8 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 6 percent. Debt service payment including the refunding of an old debt issue represents a significant disbursement of 30 percent. The remaining 18 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

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

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Instruction	\$5,416,517	\$4,492,532	\$5,816,009	\$4,829,858
Support Services:				
Pupils	476,212	472,483	481,389	481,389
Instructional Staff	162,274	133,767	378,702	372,221
Board of Education	20,996	20,996	20,263	20,263
Administration	755,767	694,043	845,191	792,741
Fiscal	243,101	243,101	242,053	242,053
Business			79	79
Operation and Maintenance of Plant	914,931	914,931	952,784	952,784
Pupil Transportation	447,299	447,299	397,894	397,894
Central	288,970	285,370	380,390	376,790
Non-Instructional	511,273	42,330	462,477	(39,152)
Extracurricular Activities	522,503	403,228	497,743	336,163
Capital Outlay	272,898	272,898	132,456	132,456
Debt Service:				
Principal	3,910,000	3,910,000	330,000	330,000
Issuance Costs	48,421	48,421		
Advance Refunding Escrow	249,431	249,431		
Interest and Fiscal Charges	62,533	62,533	161,209	161,209
Refund of Prior Year Receipts	702	702	65,735	65,735
Total Expenses	<u>\$14,303,828</u>	<u>\$12,694,065</u>	<u>\$11,164,374</u>	<u>\$9,452,483</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 83 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 89 percent. The remaining 11 percent is derived from tuition and fees, specific grants, and donations.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013
Unaudited
(Continued)**

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General Fund, the Bond Retirement Fund, the Food Service Fund, and the Classroom Facilities Maintenance Funds. Total governmental funds had revenues and other financing sources of \$14,426,892 and expenditures and other financing uses of \$14,313,828. The net change in fund balance in the General Fund reflects an increase of \$232,363 (63 percent). This was primarily due to a decrease of \$867,622 in disbursements and other financing uses from 2012. This was a realization of staff and budget cuts implemented in the past couple of years. The net change in fund balance in the Bond Retirement fund increased \$58,229 (9 percent). The net change in fund balance in the Food Service Fund decreased \$39,035 (13 percent). This was attributed to an increase in expenditures due to stricter nutrition standards. The net change in fund balance in the Classroom Facilities Maintenance fund decreased \$19,692 (8 percent).

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2013, the District amended its General Fund budget as needed.

There were no significant variances between original and final budget amounts or the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$272,898 during fiscal year 2013.

Debt

At June 30, 2013, the District has \$3,824,630 in school improvement and classroom facilities refunding bonds. There are two bonds series with final maturities of December 1, 2013 and December 1, 2025. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2013, the District's overall legal debt margin was \$3,743,331, with an un-voted debt margin of \$84,088.

Current Issues

The District is holding its own in the state of the current economy and uncertainty in future State funding. Montpelier is a small rural community of approximately 4,000 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District derives its funds approximately 31 percent of District revenue sources is from local funds, 60 percent is from state funds, and the remaining 9 percent is from federal funds. The total expenditure per pupil was calculated at \$8,745.

In August 1999, the District passed a $\frac{3}{4}$ % income tax levy to generate \$600,000 annually. This levy provides a source of funds for the financial operations and stability of the District. It had seen significant decrease during fiscal year 2011 due to high unemployment within the region, but has since begun to rebound. In March 2012, the District passed a 1.25% replacement earned income tax. This tax, which began collection in January 2013, is expected to

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013
Unaudited
(Continued)**

generate \$965,000 annually. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

The District completed a shift of inside millage to the permanent improvement fund from the general fund beginning with property tax collections in January 2010. The District will use these funds for allowable expenses for permanent improvements funds under Ohio Revised Code.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Abby Sharp, Treasurer, Montpelier Exempted Village School District, 1015 East Brown Street, P.O. Box 193, Montpelier, Ohio 43543-0193.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Net Position - Cash Basis
June 30, 2013**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,863,319</u>
Net Position:	
Restricted for Debt Service	695,518
Restricted for Capital Outlay	19,431
Restricted for Other Purposes	545,879
Unrestricted	<u>602,491</u>
<i>Total Net Position</i>	\$ <u><u>1,863,319</u></u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Activities - Cash Basis
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	\$ 3,575,821	\$ 444,158	\$ 47,121	\$ (3,084,542)
Special	1,196,214		411,103	(785,111)
Vocational	11,469	21,603		10,134
Adult/Continuing	2,445			(2,445)
Student Intervention Services	707			(707)
Other	629,861			(629,861)
Support Services:				
Pupils	476,212		3,729	(472,483)
Instructional Staff	162,274		28,507	(133,767)
Board of Education	20,996			(20,996)
Administration	755,767		61,724	(694,043)
Fiscal	243,101			(243,101)
Operation and Maintenance of Plant	914,931			(914,931)
Pupil Transportation	447,299			(447,299)
Central	288,970		3,600	(285,370)
Operation of Non-Instructional Services	511,273	180,909	288,034	(42,330)
Extracurricular Activities	522,503	119,275		(403,228)
Capital Outlay	272,898			(272,898)
Debt Service:				
Principal	3,910,000			(3,910,000)
Issuance Costs	48,421			(48,421)
Advance Refunding Escrow	249,431			(249,431)
Interest and Fiscal Charges	62,533			(62,533)
Refund of Prior Year Receipts	702			(702)
Totals	\$ 14,303,828	\$ 765,945	\$ 843,818	\$ (12,694,065)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,813,261
Property Taxes, Levied for Capital Outlay				314,306
Property Taxes, Levied for Debt Service				314,306
Property Taxes, Levied for Other				35,406
Income Taxes				751,716
Grants and Entitlements not Restricted to Specific Programs				5,556,971
Gifts and Donations				97,652
Investment Earnings				4,190
Miscellaneous				78,864
Refunding Bonds Issued				3,539,997
Premium on Refunding Bonds Issued				297,855
Premium on Refunding Bonds Issued				2,605
<i>Total General Revenues</i>				<u>12,807,129</u>
<i>Change in Net Position</i>				113,064
Net Position Beginning of Year				1,750,255
<i>Net Position End of Year</i>				<u>\$ 1,863,319</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2013**

	General Fund	Bond Retirement Fund	Food Service Fund	Classroom Facilities Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ <u>602,491</u>	\$ <u>695,518</u>	\$ <u>269,361</u>	\$ <u>221,669</u>	\$ <u>74,280</u>	\$ <u>1,863,319</u>
Fund Balances:						
Restricted		\$ 695,518	\$ 269,361	\$ 221,669	\$ 54,849	\$ 1,241,397
Committed					19,431	19,431
Assigned	\$ 166,789					166,789
Unassigned	\$ <u>435,702</u>					435,702
<i>Total Fund Balances</i>	\$ <u>602,491</u>	\$ <u>695,518</u>	\$ <u>269,361</u>	\$ <u>221,669</u>	\$ <u>74,280</u>	\$ <u>1,863,319</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Food Service Fund</u>	<u>Classroom Facilities Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:						
Property and Other Local Taxes	\$ 1,813,261	\$ 314,306		\$ 35,406	\$ 314,306	\$ 2,477,279
Income Tax	751,716					751,716
Intergovernmental	5,394,949	67,167	\$ 288,034	39,815	632,427	6,422,392
Interest	3,709		86	334	61	4,190
Tuition and Fees	431,988					431,988
Rent	473					473
Extracurricular Activities	24,421				94,854	119,275
Gifts and Donations	25,721				71,931	97,652
Customer Sales and Services	11,697		170,921		9,988	192,606
Miscellaneous	32,271	4,519	8,400		33,674	78,864
Total Receipts	<u>8,490,206</u>	<u>385,992</u>	<u>467,441</u>	<u>75,555</u>	<u>1,157,241</u>	<u>10,576,435</u>
Disbursements:						
Current:						
Instruction:						
Regular	3,512,699				63,122	3,575,821
Special	785,604				410,610	1,196,214
Vocational	11,469					11,469
Adult/Continuing	2,445					2,445
Student Intervention Services	707					707
Other	629,861					629,861
Support Services:						
Pupils	472,483				3,729	476,212
Instructional Staff	133,767				28,507	162,274
Board of Education	20,996					20,996
Administration	694,043				61,724	755,767
Fiscal	229,270	6,546		740	6,545	243,101
Operation and Maintenance of Plant	782,840		5,927	68,423	57,741	914,931
Pupil Transportation	365,847				81,452	447,299
Central	279,594				9,376	288,970
Operation of Non-Instructional Services	740		500,550		9,983	511,273
Extracurricular Activities	315,390				207,113	522,503
Capital Outlay	12,661			26,084	234,153	272,898
Debt Service:						
Principal		3,810,000			100,000	3,910,000
Interest		51,217			11,316	62,533
Issuance Costs		48,421				48,421
Advance Refund Escrow		249,431				249,431
Total Disbursements	<u>8,250,416</u>	<u>4,165,615</u>	<u>506,477</u>	<u>95,247</u>	<u>1,285,371</u>	<u>14,303,126</u>
Excess of Receipts Over (Under) Disbursements	<u>239,790</u>	<u>(3,779,623)</u>	<u>(39,036)</u>	<u>(19,692)</u>	<u>(128,130)</u>	<u>(3,726,691)</u>
Other Financing Sources and (Uses):						
Advances In					10,000	10,000
Refunding Bonds Issued		3,539,997				3,539,997
Premium on Refunding Bonds Issued		297,855				297,855
Refund of Prior Year Expenditures	2,573		1		31	2,605
Advances Out	(10,000)					(10,000)
Refund of Prior Year Receipts					(702)	(702)
Total Other Financing Sources and (Uses)	<u>(7,427)</u>	<u>3,837,852</u>	<u>1</u>		<u>9,329</u>	<u>3,839,755</u>
Net Change in Fund Balances	<u>232,363</u>	<u>58,229</u>	<u>(39,035)</u>	<u>(19,692)</u>	<u>(118,801)</u>	<u>113,064</u>
Fund Balances at Beginning of Year	<u>370,128</u>	<u>637,289</u>	<u>308,396</u>	<u>241,361</u>	<u>193,081</u>	<u>1,750,255</u>
Fund Balances at End of Year	<u>\$ 602,491</u>	<u>\$ 695,518</u>	<u>\$ 269,361</u>	<u>\$ 221,669</u>	<u>\$ 74,280</u>	<u>\$ 1,863,319</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements and Changes
in Fund Balance - (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 1,725,100	\$ 1,748,371	\$ 1,813,261	\$ 64,890
Income Tax	685,889	793,036	751,716	(41,320)
Intergovernmental	5,374,298	5,578,089	5,394,949	(183,140)
Interest	3,093	3,093	3,709	616
Tuition and Fees	350,975	350,975	431,988	81,013
Rent	570	570	473	(97)
Extracurricular Activities	75	75	120	45
Gifts and Donations	4,779	9,279	20,642	11,363
Customer Sales and Services	40,507	40,507	11,697	(28,810)
Miscellaneous	6,705	6,405	21,948	15,543
<i>Total Receipts</i>	<u>8,191,991</u>	<u>8,530,400</u>	<u>8,450,503</u>	<u>(79,897)</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,583,282	3,552,326	3,522,756	29,570
Special	827,481	805,510	785,809	19,701
Vocational	15,980	15,980	11,469	4,511
Adult/Continuing	3,500	3,500	2,445	1,055
Student Intervention Services	15,484	15,484	707	14,777
Other	677,000	673,417	636,854	36,563
Support Services:				
Pupils	483,849	486,803	472,937	13,866
Instructional Staff	146,982	179,091	164,234	14,857
Board of Education	39,506	39,506	20,996	18,510
Administration	731,958	730,098	700,352	29,746
Fiscal	265,522	267,916	229,916	38,000
Business	100	100		100
Operation and Maintenance of Plant	956,312	969,826	842,030	127,796
Pupil Transportation	420,476	428,652	385,560	43,092
Central	262,288	270,254	239,793	30,461
Operation of Non-Instructional Services	7,000	7,000	740	6,260
Extracurricular Activities	270,701	337,205	315,412	21,793
Capital Outlay	11,500	17,008	12,661	4,347
<i>Total Disbursements</i>	<u>8,718,921</u>	<u>8,799,676</u>	<u>8,344,671</u>	<u>455,005</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(526,930)</u>	<u>(269,276)</u>	<u>105,832</u>	<u>375,108</u>
Other Financing Sources and (Uses):				
Transfers In		70,000		(70,000)
Proceeds from Sale of Fixed Assets	2,226	2,226		(2,226)
Refund of Prior Year Expenditures	2,000	2,000	2,573	573
Advances Out		(10,000)	(10,000)	
Refund of Prior Year Receipts	(1,000)	(1,000)		1,000
<i>Total Other Financing Sources and (Uses)</i>	<u>3,226</u>	<u>63,226</u>	<u>(7,427)</u>	<u>(70,653)</u>
<i>Net Change in Fund Balance</i>	<u>(523,704)</u>	<u>(206,050)</u>	<u>98,405</u>	<u>304,455</u>
Fund Balance at Beginning of Year	228,768	228,768	228,768	
Prior Year Encumbrances Appropriated	108,527	108,527	108,527	
<i>Fund Balance at End of Year</i>	<u>\$ (186,409)</u>	<u>\$ 131,245</u>	<u>\$ 435,700</u>	<u>\$ 304,455</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements and Changes
in Fund Balance - (Budgetary Basis)
Food Service Fund**

For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Intergovernmental	\$ 280,501	\$ 280,501	\$ 288,034	\$ 7,533
Interest	49	49	86	37
Customer Sales and Services	185,258	185,258	170,921	(14,337)
Miscellaneous	8,150	8,150	8,400	250
<i>Total Receipts</i>	<u>473,958</u>	<u>473,958</u>	<u>467,441</u>	<u>(6,517)</u>
Disbursements:				
Current:				
Support Services:				
Operation and Maintenance of Plant	5,500	6,087	5,927	160
Operation of Non-Instructional Services	579,100	583,415	508,520	74,895
<i>Total Disbursements</i>	<u>584,600</u>	<u>589,502</u>	<u>514,447</u>	<u>75,055</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(110,642)</u>	<u>(115,544)</u>	<u>(47,006)</u>	<u>68,538</u>
Other Financing Sources:				
Refund of Prior Year Expenditures			1	1
<i>Net Change in Fund Balance</i>	<u>(110,642)</u>	<u>(115,544)</u>	<u>(47,005)</u>	<u>68,539</u>
Fund Balance at Beginning of Year	303,494	303,494	303,494	
Prior Year Encumbrances Appropriated	4,902	4,902	4,902	
<i>Fund Balance at End of Year</i>	<u>\$ 197,754</u>	<u>\$ 192,852</u>	<u>\$ 261,391</u>	<u>\$ 68,539</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements and Changes
in Fund Balance - (Budgetary Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 33,698	\$ 33,698	\$ 35,406	\$ 1,708
Intergovernmental	10,031	10,031	39,815	29,784
Interest	325	325	334	9
<i>Total Receipts</i>	44,054	44,054	75,555	31,501
Disbursements:				
Current:				
Support Services:				
Fiscal	1,300	1,300	740	560
Operation and Maintenance of Plant	200,000	200,000	76,390	123,610
Capital Outlay	50,000	50,000	26,084	23,916
<i>Total Disbursements</i>	251,300	251,300	103,214	148,086
<i>Excess of Disbursements Over Receipts</i>	(207,246)	(207,246)	(27,659)	179,587
<i>Net Change in Fund Balance</i>	(207,246)	(207,246)	(27,659)	179,587
Fund Balance at Beginning of Year	241,361	241,361	241,361	
Fund Balance at End of Year	\$ 34,115	\$ 34,115	\$ 213,702	\$ 179,587

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2013**

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>60,226</u>	\$ <u>14,320</u>
Liabilities:		
Undistributed Monies		\$ <u>14,320</u>
Net Position:		
Held in Trust for Scholarships	\$ <u>60,226</u>	

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$ 616
Gifts and Contributions	7,400
Transfer In	<u>2,001</u>
<i>Total Additions</i>	10,017
Deductions	
Payments in Accordance with Trust Agreements	<u>3,008</u>
<i>Change in Net Position</i>	7,009
Net Position Beginning of Year	<u>53,217</u>
<i>Net Position End of Year</i>	<u>\$ 60,226</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Montpelier Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Montpelier Exempted Village School District is an exempted school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's four instructional/support facilities staffed by 58 non-certified personnel and 72 certified full-time teaching personnel who provide services to 1,059 students and other community members.

The Reporting Entity

A. Primary Government

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

B. Component Units

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

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with seven organizations, which are defined as jointly governed organizations, a related organization, and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Health Plan Employee Insurance Benefits Program, the Northern Buckeye Health Plan Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Montpelier Public Library. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

B. Fund Accounting

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

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund, the Bond Retirement fund, the Food Service fund, and the Classroom Facilities Maintenance fund are the District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

Food Service Fund - The Food Service fund is used to account for the financial transactions related to food service operations.

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance Fund is used to account for tax revenues and expenses for the maintenance of the instructional building.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

2. 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 District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency funds account for various student managed activities.

C. Basis of Accounting

Although the Ohio Administrative Code § 117-2-03(B) requires that the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund and special cost center for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below these levels are made by the District's Chief Fiscal Officer.

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

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

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations.

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

E. Cash and Investments

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

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

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, and a money market mutual fund. Investments are reported at cost.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$3,709, which includes \$1,743 assigned from other District funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

M. Fund Balance

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

Nonspendable - The nonspendable classification 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" includes items that are not expected to be converted to cash.

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.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

The District first applies restricted resources when an expenditure is 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 can be used.

3. CHANGE IN ACCOUNTING PRINCIPLE

For 2013, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budgetary Basis presented for the General, Food Service, and Classroom Facilities Maintenance funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) and certain funds included in the General fund as part of the GASB 54 requirements are not included in the budgetary statement.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budget basis statements for the General, Food Service, and Classroom Facilities Maintenance funds:

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Classroom Facilities Maintenance Fund</u>
Cash Basis	\$232,363	(\$39,035)	(\$19,692)
Outstanding Encumbrances	(134,098)	(7,970)	(7,967)
Perspective Difference:			
Activity of Funds Reclassified for Cash Reporting Purposes	140		
Budgetary Basis	<u>\$98,405</u>	<u>(\$47,005)</u>	<u>(\$27,659)</u>

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

At year end, the District had \$75 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral

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pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2013, the District had the following investments.

	Balance at Fair Value	Less Than One Year	Greater than One Year
Federal National Mortgage Association Notes (FNMA)	\$254,191		\$254,191

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The Federal National Mortgage Association Notes carry the highest ratings Aaa by Moody's and AAAM by Standard and Poor's.

The District has no investments policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law limits repurchase agreements to US Treasury bills, bonds, notes or any other obligation or security issued by the US Treasury or any other obligation guaranteed as to principal and interest by the US and bonds, notes, debentures, or any other obligation or security issued by a federal government agency.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investment in Federal National Mortgage Association Notes was 100 percent of the District's total investments.

6. PROPERTY TAXES

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

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Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes for 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2013 were levied after April 1, 2012, on the assessed values as of December 31, 2011, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

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

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$69,642,120	77%	\$65,700,110	78%
Industrial/Commercial	18,480,110	21%	16,572,140	20%
Public Utility	1,709,080	2%	1,816,220	2%
Total Assessed Value	<u>\$89,831,310</u>	<u>100%</u>	<u>\$84,088,470</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$61.55		\$61.55	

7. INCOME TAX

In 1999, the voters of the Montpelier Exempted Village School District passed a .75 percent school income tax on wages earned by residents of the District. In March 2012, the voters of the District passed a 1.25 percent school income tax to replace the .75 percent school income tax beginning January 1, 2013. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

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8. CAPITAL ASSETS

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

	<u>Balance at 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/13</u>
Governmental Activities				
Land	\$240,506			\$240,506
Land Improvements	565,610	\$258,595		824,205
Buildings and Building Improvements	27,165,579	12,050		27,177,629
Furniture, Fixtures, and Equipment	1,792,400	49,859	\$281,503	1,560,756
Vehicles	742,554	138,046	82,347	798,253
Total Capital Assets	<u>\$30,506,649</u>	<u>\$458,550</u>	<u>\$363,850</u>	<u>\$30,601,349</u>

9. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with the Ohio School Plan for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

The District joined together with other school districts in Ohio to participate in the Ohio School Plan (the Plan), a public entity insurance purchasing pool (Note 16). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage and deductibles that it selected by the participant.

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

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI), a self insurance pool (Note 16), for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Health Plan, Northwest Division of OHI Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 16). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

10. DEFINED PENSION BENEFIT PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate amount four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's required contributions for SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$174,225, \$172,467, and \$167,604, respectively; 75 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System

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

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

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from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$510,364, \$546,503, and \$578,877 respectively; 85 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

C. Social Security System

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

11. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System (SERS) administers two postemployment benefit plans.

Medicare Part B Plan - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 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.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 was \$9,841, \$10,185 and \$10,786, respectively; 75 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105e. Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 1.43%. 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. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$6,637, \$23,990, and \$22,480, respectively; 24 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit resources.

B. State Teachers Retirement System

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

Funding Policy – Ohio 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 District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$39,259, \$42,039, and \$44,529, respectively;

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85 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

12. COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or inquiry or, within certain limitations, be paid to the employee upon retirement. The actual amount of severance pay payable to a retiring employee shall be determined by multiplying .25 by the accumulated sick days, thereby determining days credit to be applied to the per diem rate. The maximum days credited shall be 65 days for certified staff. The actual amount of severance pay payable to a retiring non-certified employee shall be determined by multiplying .25 by the total number of accumulated sick leave days, not to exceed 260. The maximum days credited shall be 59 days for non-certified staff.

13. LONG-TERM OBLIGATIONS

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

	<u>Balance at 06/30/12</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/13</u>	<u>Amount Due In one Year</u>
School Improvement Bonds, 2003 Series					
Serial Bonds	\$3,540,000		\$3,540,000		
Capital Appreciation Bonds	440,903	\$26,210	240,000	\$227,113	\$227,113
Classroom Facilities Refunding Bonds, 2012 Series					
Serial Bonds		3,260,000	30,000	3,230,000	55,000
Capital Appreciation Bonds		367,517		367,517	
Total Long-Term Obligations	<u>\$3,980,903</u>	<u>\$3,653,727</u>	<u>\$3,810,000</u>	<u>\$3,824,630</u>	<u>\$282,113</u>

The School Improvement Bond issue was entered into in March 2003 for the amount of \$5,545,000. The bonds were issued for the construction of a new school building and renovation of other buildings. The bond issue included serial and capital appreciation bonds of \$5,340,000 and \$204,996, respectively, and had interest rates ranging from 1.5 to 4.4 percent. On August 15, 2012, the remaining \$3,450,000 face value of the serial bonds was refunded through the issuance of new bonds. The total debt service payments were reduced by \$343,681 and a net present value savings of \$303,061. The capital appreciation bonds remain outstanding and will be retired with a voted property tax levy from the Bond Retirement Debt Service Fund.

The 2003 capital appreciation bonds were issued in the aggregate original principal amount of \$204,996 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<u>Maturity Date (December 1)</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2013	\$98,220	\$240,000

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The annual accretion of interest of \$26,211 is based on a straight-line method. Total accreted interest of \$128,893 has been included in the value. Capital Appreciation Bonds are not subject to redemption prior to maturity.

The Classroom Facilities Refunding Bond issue was entered into in August 2012 for the amount of \$3,539,997. The bonds were issued to refund the School Improvement Bonds, Series 2003 issue. The bond issue included serial and capital appreciation bonds of \$3,260,000 and \$279,997, respectively, and had interest rates ranging from 1.0 to 2.4 percent. The bonds will be retired with a voted property tax levy from the Bond Retirement Debt Service Fund.

The serial bonds bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (December 1)	Principal Amount	Interest Rate
2013	\$55,000	1.000%
2016	295,000	1.500%
2017	295,000	1.500%
2018	300,000	2.000%
2019	305,000	2.000%
2020	310,000	2.000%
2021	320,000	2.000%
2022	325,000	2.000%
2023	335,000	2.250%
2024	340,000	2.300%
2025	350,000	2.400%

The 2012 capital appreciation bonds were issued in the aggregate original principal amount of \$279,997 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Maturity Date (December 1)	Original Principal Amount	Accreted Value at Maturity
2014	\$159,772	\$295,000
2015	120,225	290,000

The annual accretion of interest of \$87,520 is based on a straight-line method. Total accreted interest of \$87,520 has been included in the value. Capital Appreciation Bonds are not subject to redemption prior to maturity.

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Principal and interest requirements to retire general obligation debt outstanding at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$282,113	\$76,972	\$359,085
2015	204,848	153,960	358,808
2016	162,669	191,139	353,808
2017	295,000	61,595	356,595
2018	295,000	57,170	352,170
2019-2023	1,560,000	198,088	1,758,088
2024-2026	1,025,000	36,499	1,061,499
Total	<u>\$3,824,630</u>	<u>\$775,423</u>	<u>\$4,600,053</u>

Total expenditures for interest for the above debt for the period ending June 30, 2013 was \$51,217.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Current Year Set-aside Requirement	\$176,004
Current Year Offsets	(436,401)
Total	<u>(\$260,397)</u>

Although the District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements for future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

15. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

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The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. All payments made by the District for services received are made to the Northern Buckeye Education Council. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during fiscal year 2013 were \$132,139. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

16. GROUP PURCHASING POOLS

A. Employee Insurance Benefits Program

The Northern Buckeye Health Plan, Northwest Division of OHI, is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by OHI and its participating members

The District contributed a total of \$1,028,004 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, OH 45242.

B. Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan, Northwest Division of OHI Workers' Compensation Group Rating Plan (WCGRP) is an insurance purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. During this fiscal year, the District paid an enrollment fee of \$984 to WCGRP to cover the costs of administering the program.

C. Ohio School Plan

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	2012	2011
Assets	\$5,351,369	\$4,280,876
Liabilities	2,734,952	1,812,420
Members' Equity	2,616,417	2,468,456

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

17. RELATED ORGANIZATION

Montpelier Public Library - The Montpelier Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Montpelier Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Montpelier Public Library, Pat Henricks, Clerk/Treasurer, at 216 East Main Street, Montpelier, Ohio 43543.

18. LEASES

The District has entered into a lease for the renovation of athletic facilities.

These expenditures are reflected as program/function expenditures on the accompanying financial statements. Principal payments made in the 2013 fiscal year were \$100,000.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

General Long-Term Obligations	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2014	\$108,116
2015	104,871
2016	101,627
Total Future Minimum Lease Payments	314,614
Less: Amount Representing Interest	(14,614)
Present Value of Future Minimum Lease Payments	\$300,000

19. CONTINGENCIES

A. Federal and State Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

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

20. INTERFUND ADVANCES

During the year ended June 30, 2013, the General Fund advanced \$10,000 to a Non-Major Governmental fund.

21. FUND BALANCE

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:						
Regular Instruction					\$914	\$914
Special Instruction					4,243	4,243
Athletics					49,692	49,692
Food Service Operations			\$269,361			269,361
Facilities Maintenance				\$221,669		221,669
Debt Retirement		\$695,518				695,518
Total Restricted		695,518	269,361	221,669	54,849	1,241,397
Committed to:						
Permanent Improvement					19,431	19,431
Assigned for:						
Educational Activities	\$32,691					32,691
Unpaid Obligations (encumbrances)	134,098					134,098
Total Assigned	166,789					166,789
Unassigned	435,702					435,702
Total Fund Balance	\$602,491	\$695,518	\$269,361	\$221,669	\$74,280	\$1,863,319

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$35,126	\$35,126
Special Milk Program for Children - Cash Assistance	10.556	1,100	1,100
National School Lunch Program	10.555		
Cash Assistance		245,530	245,530
Non- Cash Assistance (Food Distribution)		22,338	22,338
Total National School Lunch Program		<u>267,868</u>	<u>267,868</u>
Total U.S. Department of Agriculture		<u>304,094</u>	<u>304,094</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	218,839	218,758
Special Education - Preschool Grants (IDEA, Preschool)	84.173	6,887	6,887
Total Special Education Cluster (IDEA)		<u>225,726</u>	<u>225,645</u>
Rural Education	84.358	19,988	19,988
English Language Acquisition State Grants	84.365	658	658
ARRA - Race-to-the Top Incentive Grant, Recovery Act	84.395	1,400	1,400
Title I Grants to Local Educational Agencies	84.010	258,574	258,162
Improving Teacher Quality State Grants	84.367	47,239	47,259
Total U.S. Department of Education		<u>553,585</u>	<u>553,112</u>
Totals		<u>\$857,679</u>	<u>\$857,206</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Montpelier 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 program 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*

Montpelier Exempted Village School District
Williams County
1015 East Brown Road
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting policies.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State

Columbus, Ohio

February 6, 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

Montpelier Exempted Village School District
Williams County
1015 East Brown Road
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

February 6, 2014

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2013-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03(B) which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District. As such, we recommend the District prepare its annual financial report in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

None.

**MONTPELIER EXEMPTED VILLAGE LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not corrected. Reissued as finding 2013-001 in this report.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Montpelier Exempted Village School District
Williams County
1015 East Brown Road
P.O. Box 193
Montpelier, Ohio 43543-0193

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

We noted the Board amended its anti-harassment policy at its meeting on April 9, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

February 6, 2014

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Dave Yost • Auditor of State

MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 25, 2014**