



Rea & associates *a brighter way*

# Carrollton Exempted Village School District Carroll County, Ohio

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2014





# Dave Yost • Auditor of State

Board of Education  
Carrollton Exempted Village School District  
252 3rd Street NE  
Carrollton, Ohio 44615

We have reviewed the *Independent Auditor's Report* of the Carrollton Exempted Village School District, Carroll County, prepared by Rea & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

May 6, 2015

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**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY, OHIO**

**JUNE 30, 2014**

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**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY, OHIO**

**JUNE 30, 2014**

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February 24, 2015

The Board of Education  
Carrollton Exempted Village School District  
Carroll County, Ohio  
252 3<sup>rd</sup> Street NE  
Carrollton, Ohio 44615

## **Independent Auditor's Report**

### **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 Carrollton Exempted Village School District, Carroll County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Straight A Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying *Management's Discussion and Analysis* on pages 5-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 School District's internal control over financial reporting and compliance.

*Hea & Associates, Inc.*

New Philadelphia, Ohio

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**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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The discussion and analysis of the Carrollton Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2014 are as follows:

- Net position increased \$3,278,097, which represents a 32 percent increase from 2013.
- Capital assets increased \$1,324,549 during fiscal year 2014.
- During the year, outstanding debt decreased from \$540,675 to \$449,583 due to principal payments made by the School District.

***Using this Annual Report***

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

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

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Carrollton Exempted Village School District**  
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*For the Fiscal Year Ended June 30, 2014*

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

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

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

***Fund Financial Statements***

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

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

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

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

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
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*For the Fiscal Year Ended June 30, 2014*

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

**Table 1**  
**Net Position**

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Current and Other Assets	\$ 16,709,459	\$ 14,277,521
Capital Assets	6,791,405	5,466,856
<i>Total Assets</i>	23,500,864	19,744,377
<b>Liabilities</b>		
Other Liabilities	3,698,638	3,447,141
Long-Term Liabilities	1,726,727	1,961,719
<i>Total Liabilities</i>	5,425,365	5,408,860
<b>Deferred Inflows of Resources</b>	4,706,010	4,244,125
<b>Net Position</b>		
Net Investment in Capital Assets	6,622,386	5,368,006
Restricted	1,778,994	68,424
Unrestricted	4,968,109	4,654,962
<i>Total Net Position</i>	\$ 13,369,489	\$ 10,091,392

At year end, capital assets represented 29 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment, and vehicles. The net investment in capital assets was \$6,622,386 at June 30, 2014. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,778,994 or 13 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$4,968,109 may be used to meet the government's ongoing obligations to students and creditors.

**Carrollton Exempted Village School District**  
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The School District experienced a decrease in cash due to financing several ongoing capital projects during the fiscal year. These projects, including the construction of a fueling station, retrofitting of buses and new stadium turf, caused an increase in capital assets construction in progress. During fiscal year 2014, the School District was awarded the Straight A grant to assist with funding a portion of these projects. Due to the timing of the receipt of the grant monies, there was a significant increase in intergovernmental receivables. The increase in deferred inflows of resources can be attributed to an increase in property taxes receivable due to increased assessed values in fiscal year 2014. The increase in these receivables outweighed the decrease in cash, causing an overall increase in current and other assets of almost \$2.5 million.

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2014	2013
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,402,906	\$ 1,142,874
Operating Grants	1,889,830	1,919,955
Capital Grants	4,060,103	0
<i>Total Program Revenues</i>	<u>7,352,839</u>	<u>3,062,829</u>
<i>General Revenues:</i>		
Property Taxes	6,775,894	6,881,093
Grants and Entitlements Not Restricted	12,236,629	11,948,647
Other	69,916	101,013
<i>Total General Revenues</i>	<u>19,082,439</u>	<u>18,930,753</u>
<i>Total Revenues</i>	<u>26,435,278</u>	<u>21,993,582</u>
<b>Program Expenses</b>		
Instruction:		
Regular	8,803,784	8,789,207
Special	3,862,339	3,008,054
Vocational	202,042	284,861
Adult/Continuing	18,489	1,602
Student Intervention Services	12,873	16,728
Other	482,294	392,121
Support Services:		
Pupils	1,667,496	1,431,102
Instructional Staff	563,027	955,479
Board of Education	21,493	38,049
Administration	1,762,872	1,652,917
Fiscal	540,728	640,483
Business	75,361	143,696
Operation and Maintenance of Plant	1,852,644	1,712,406
Pupil Transportation	1,643,535	1,598,264
Central	90,758	42,543
Operation of Non-Instructional Services:		
Food Service Operations	749,793	810,156
Community Services	9,938	12,524
Other	24,050	27,634
Extracurricular Activities	761,869	676,643
Debt Service:		
Interest and Fiscal Charges	11,796	9,564
<i>Total Expenses</i>	<u>23,157,181</u>	<u>22,244,033</u>
<i>Increase (Decrease) in Net Position</i>	3,278,097	(250,451)
<i>Net Position at Beginning of Year</i>	<u>10,091,392</u>	<u>10,341,843</u>
<i>Net Position at End of Year</i>	<u>\$ 13,369,489</u>	<u>\$ 10,091,392</u>

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

The increase in capital grants can be attributed to the School District being awarded the Straight A Grant during fiscal year 2014. Charges for services increased due to increased open enrollment during 2014. Fluctuations between Special Instruction and Instructional Staff Support Services expenses can be attributed to the re-coding of expenses in accordance with the revised expenditure standards approved by the State Board of Education on December 11, 2012. The expenditure standards revisions addressed operating expenditures and classroom instruction versus non-classroom expenditures.

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

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2014	2013	2014	2013
Instruction:				
Regular	\$ 8,803,784	\$ 8,789,207	\$ 7,197,117	\$ 8,078,782
Special	3,862,339	3,008,054	2,690,876	2,001,829
Vocational	202,042	284,861	175,059	245,984
Adult/Continuing	18,489	1,602	3,371	1,602
Student Intervention Services	12,873	16,728	12,873	16,728
Other	482,294	392,121	424,171	392,121
Support Services:				
Pupils	1,667,496	1,431,102	1,529,816	1,269,536
Instructional Staff	563,027	955,479	3,044	629,320
Board of Education	21,493	38,049	21,493	38,049
Administration	1,762,872	1,652,917	1,728,583	1,620,045
Fiscal	540,728	640,483	540,728	640,483
Business	75,361	143,696	75,361	143,696
Operation and Maintenance of Plant	1,852,644	1,712,406	1,485,036	1,703,406
Pupil Transportation	1,643,535	1,598,264	(904,334)	1,582,732
Central	90,758	42,543	90,758	42,543
Operation of Non-Instructional Services:				
Food Service Operations	749,793	810,156	135,848	260,116
Community Services	9,938	12,524	2,925	4,848
Other	24,050	27,634	4,008	12,153
Extracurricular Activities	761,869	676,643	575,813	487,667
Debt Service:				
Interest and Fiscal Charges	11,796	9,564	11,796	9,564
<i>Total Expenses</i>	<u>\$ 23,157,181</u>	<u>\$ 22,244,033</u>	<u>\$ 15,804,342</u>	<u>\$ 19,181,204</u>

The dependence upon general revenues for governmental activities is apparent. Over 68 percent of governmental activities are supported through taxes and other general revenues; such revenues are 72 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*

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***Governmental Funds***

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$24,566,761 and expenditures of \$24,838,366 for the fiscal year.

The general fund's net change in fund balance for fiscal year 2014 was an increase of \$107,780. This increase can mostly be attributed to an increase in state foundation revenues.

The Straight A grant fund's net change in fund balance for fiscal year 2014 was an increase of \$31,001. This was the first year for this fund.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2014, the School District did amend its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenues, excluding other financing sources, of \$20,023,696 were \$1,349,767 higher than original budget basis revenues, excluding other financing sources, of \$18,673,929, due to an increase in state foundation and property tax revenue estimates. Actual budget basis revenue, excluding other financing sources, of \$20,023,947 was \$251 higher than the final budget basis revenue.

Final expenditure appropriations, excluding other financing uses, of \$20,111,152 were \$4,493 less than the actual expenditures of \$20,115,645.

Original budgeted advances in and out were increased approximately \$800,000 and \$1.3 million, respectively, in the final budget to account for needs of School District funds. There were no significant variances between final budgeted other financing sources and uses and actual.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
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***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2014, the School District had \$6,791,405 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 112,325	\$ 112,325
Construction in Progress	1,873,689	0
Land Improvements	457,820	547,844
Buildings and Building Improvements	2,889,287	3,097,718
Improvements Other Than Buildings	86,153	152,616
Furniture and Fixtures	75,596	135,187
Machinery and Equipment	561,260	642,528
Vehicles	735,275	778,638
<i>Totals</i>	\$ 6,791,405	\$ 5,466,856

The \$1,324,549 increase in capital assets was primarily attributable to additions to construction in progress for ongoing projects for a fueling station, retrofitting of busses, STEM building and stadium turf. See Note 8 for more information about the capital assets of the School District.

**Debt**

At June 30, 2014, the School District had \$449,583 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2014	2013
School Improvement Bonds	\$ 382,464	\$ 441,825
Lease Obligations	67,119	98,850
<i>Total</i>	\$ 449,583	\$ 540,675

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*For the Fiscal Year Ended June 30, 2014*

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***Current Issues***

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

The Carrollton Exempted Village School District does not anticipate any growth in State revenue. HB59 (State budget for fiscal year 2014 & fiscal year 2015) funding simulations indicate that the School District will be on a transitional aid guarantee. Steady declining enrollment over the past decade has caused the School District to frequently be placed on funding guarantees. Although these guarantees protect against heavy State revenue loss, receiving this aid means that revenue is not increasing, while costs are increasing. In addition to the stagnant State revenue in recent years, in fiscal year 2010 and fiscal year 2011, State funding was made whole with federal stimulus money that is now gone and is not being filled by any other revenue stream.

With minimal support from the local taxpayers, no State funding increases, and no final resolution to the replacement of federal stimulus money that made State funding whole, revenues have not kept pace with expense increases in fiscal year 2012 through 2014. Planning to meet the growing costs of salaries and fringe benefits, caring for aged buildings, and the need to keep an efficient bus fleet is a concern for the School District. With the recent award of a Straight A grant, the School District has been able to address many of its immediate technology needs.

All scenarios require management to plan carefully and prudently in order to provide all the resources required to meet student needs over the next several years. The expectation of the unprecedented oil and gas drilling activity in the county is that the future will be bright for the School District's future revenue. The unknown is: what will happen to the School District's State funding as the local revenue increases?

***Contacting the School District's Financial Management***

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Net Position*  
*June 30, 2014*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,422,028
Cash and Cash Equivalents with Fiscal Agent	2,710,748
Materials and Supplies Inventory	50,144
Receivables:	
Accounts	5,856
Intergovernmental	2,785,443
Property Taxes	6,735,240
Nondepreciable Capital Assets	1,986,014
Depreciable Capital Assets (Net)	4,805,391
<i>Total Assets</i>	23,500,864
<b>Liabilities</b>	
Accounts Payable	252,621
Accrued Wages and Benefits	1,963,681
Contracts Payable	101,900
Intergovernmental Payable	500,660
Accrued Vacation Leave Payable	44,967
Matured Compensated Absences Payable	14,650
Claims Payable	461,002
Unearned Revenue	359,157
Long Term Liabilities:	
Due Within One Year	214,070
Due In More Than One Year	1,512,657
<i>Total Liabilities</i>	5,425,365
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	4,706,010
<b>Net Position</b>	
Net Investment in Capital Assets	6,622,386
Restricted For:	
Capital Outlay	1,736,919
Other Purposes	42,075
Unrestricted	4,968,109
<i>Total Net Position</i>	\$ 13,369,489

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
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*Statement of Activities*  
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 8,803,784	\$ 831,939	\$ 130,975	\$ 643,753	\$ (7,197,117)
Special	3,862,339	187,187	984,276	0	(2,690,876)
Vocational	202,042	0	26,983	0	(175,059)
Adult/Continuing	18,489	0	15,118	0	(3,371)
Student Intervention Services	12,873	0	0	0	(12,873)
Other	482,294	0	58,123	0	(424,171)
Support Services:					
Pupils	1,667,496	0	137,680	0	(1,529,816)
Instructional Staff	563,027	0	48,716	511,267	(3,044)
Board of Education	21,493	0	0	0	(21,493)
Administration	1,762,872	0	34,289	0	(1,728,583)
Fiscal	540,728	0	0	0	(540,728)
Business	75,361	0	0	0	(75,361)
Operation and Maintenance of Plant	1,852,644	0	9,000	358,608	(1,485,036)
Pupil Transportation	1,643,535	1,394	0	2,546,475	904,334
Central	90,758	0	0	0	(90,758)
Operation of Non-Instructional Services:					
Food Service Operations	749,793	180,521	433,424	0	(135,848)
Community Services	9,938	0	7,013	0	(2,925)
Other	24,050	20,042	0	0	(4,008)
Extracurricular Activities	761,869	181,823	4,233	0	(575,813)
Debt Service:					
Interest and Fiscal Charges	11,796	0	0	0	(11,796)
<b>Total</b>	<b>\$ 23,157,181</b>	<b>\$ 1,402,906</b>	<b>\$ 1,889,830</b>	<b>\$ 4,060,103</b>	<b>(15,804,342)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	6,775,894
Grants and Entitlements Not Restricted to Specific Programs	12,236,629
Investment Earnings	10,307
Miscellaneous	59,609
<b>Total General Revenues</b>	<b>19,082,439</b>

*Change in Net Position* 3,278,097

*Net Position Beginning of Year* 10,091,392

*Net Position End of Year* \$ 13,369,489

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2014*

	General	Straight A Grant	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,361,697	\$ 76	\$ 60,255	\$ 4,422,028
Materials and Supplies Inventory	50,144	0	0	50,144
Receivables:				
Accounts	5,809	0	47	5,856
Interfund	717,667	0	0	717,667
Intergovernmental	224,938	2,314,798	245,707	2,785,443
Property Taxes	6,735,240	0	0	6,735,240
<i>Total Assets</i>	<u>\$ 12,095,495</u>	<u>\$ 2,314,874</u>	<u>\$ 306,009</u>	<u>\$ 14,716,378</u>
<b>Liabilities</b>				
Accounts Payable	\$ 57,134	\$ 194,199	\$ 1,288	\$ 252,621
Accrued Wages and Benefits	1,723,643	0	240,038	1,963,681
Contracts Payable	0	101,900	0	101,900
Intergovernmental Payable	467,419	0	33,241	500,660
Matured Compensated Absences Payable	14,650	0	0	14,650
Interfund Payable	0	383,756	333,911	717,667
<i>Total Liabilities</i>	<u>2,262,846</u>	<u>679,855</u>	<u>608,478</u>	<u>3,551,179</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	4,706,010	0	0	4,706,010
Unavailable Revenue	351,073	1,604,018	95,289	2,050,380
<i>Total Deferred Inflows of Resources</i>	<u>5,057,083</u>	<u>1,604,018</u>	<u>95,289</u>	<u>6,756,390</u>
<b>Fund Balances</b>				
Nonspendable	50,144	0	0	50,144
Restricted	0	31,001	42,075	73,076
Assigned	1,661,599	0	0	1,661,599
Unassigned	3,063,823	0	(439,833)	2,623,990
<i>Total Fund Balances</i>	<u>4,775,566</u>	<u>31,001</u>	<u>(397,758)</u>	<u>4,408,809</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 12,095,495</u>	<u>\$ 2,314,874</u>	<u>\$ 306,009</u>	<u>\$ 14,716,378</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2014*

<b>Total Governmental Fund Balances</b>		\$	4,408,809
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,791,405
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Intergovernmental	\$	1,699,307	
Excess Costs		180,833	
Property Taxes		<u>170,240</u>	2,050,380
 An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			 1,890,589
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Energy Conservation Bonds		(382,464)	
Capital Lease Obligation		(67,119)	
Vacations Payable		(44,967)	
Compensated Absences		<u>(1,277,144)</u>	<u>(1,771,694)</u>
 <i>Net Position of Governmental Activities</i>		 \$	 <u><u>13,369,489</u></u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2014*

	General	Straight A Grant	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 6,794,817	\$ 0	\$ 0	\$ 6,794,817
Intergovernmental	12,222,127	2,456,085	1,761,697	16,439,909
Investment Income	3,007	0	0	3,007
Tuition and Fees	778,906	0	0	778,906
Extracurricular Activities	20,041	0	181,823	201,864
Rentals	56,914	0	0	56,914
Charges for Services	3,868	0	180,521	184,389
Contributions and Donations	41,365	0	5,862	47,227
Miscellaneous	53,049	0	6,679	59,728
<i>Total Revenues</i>	<u>19,974,094</u>	<u>2,456,085</u>	<u>2,136,582</u>	<u>24,566,761</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,506,746	384,511	129,330	9,020,587
Special	2,725,860	0	1,022,166	3,748,026
Vocational	213,917	0	0	213,917
Adult Education	1,662	0	15,762	17,424
Student Intervention Services	12,873	0	0	12,873
Other	420,064	0	62,230	482,294
Support Services:				
Pupils	1,444,518	0	137,191	1,581,709
Instructional Staff	252,036	305,378	50,883	608,297
Board of Education	21,414	0	0	21,414
Administration	1,727,058	0	33,741	1,760,799
Fiscal	537,038	0	0	537,038
Business	67,532	0	0	67,532
Operation and Maintenance of Plant	1,580,086	0	9,000	1,589,086
Pupil Transportation	1,466,181	1,521,000	0	2,987,181
Central	90,758	0	0	90,758
Extracurricular Activities	444,890	0	197,714	642,604
Operation of Non-Instructional Services:				
Food Service Operations	0	0	846,185	846,185
Community Services	0	0	7,509	7,509
Other	18,911	0	0	18,911
Capital Outlay	7,139	214,195	260,000	481,334
Debt Service:				
Principal Retirement	91,092	0	0	91,092
Interest and Fiscal Charges	11,796	0	0	11,796
<i>Total Expenditures</i>	<u>19,641,571</u>	<u>2,425,084</u>	<u>2,771,711</u>	<u>24,838,366</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>332,523</u>	<u>31,001</u>	<u>(635,129)</u>	<u>(271,605)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	224,743	224,743
Transfers Out	(224,743)	0	0	(224,743)
<i>Total Other Financing Sources (Uses)</i>	<u>(224,743)</u>	<u>0</u>	<u>224,743</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	107,780	31,001	(410,386)	(271,605)
<i>Fund Balances Beginning of Year</i>	<u>4,667,786</u>	<u>0</u>	<u>12,628</u>	<u>4,680,414</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,775,566</u>	<u>\$ 31,001</u>	<u>\$ (397,758)</u>	<u>\$ 4,408,809</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2014*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(271,605)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,065,143	
Current Year Depreciation	<u>(356,904)</u>	1,708,239
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(383,690)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(18,923)	
Excess Costs	180,833	
Intergovernmental	<u>1,664,994</u>	1,826,904
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Energy Conservation Bonds	59,361	
Capital Lease	<u>31,731</u>	91,092
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		164,926
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	143,900	
Vacations Payable	<u>(1,669)</u>	<u>142,231</u>
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u>3,278,097</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 6,100,000	\$ 6,791,702	\$ 6,791,702	\$ 0
Intergovernmental	11,882,429	12,222,127	12,222,127	0
Investment Income	1,500	2,756	3,007	251
Tuition and Fees	654,000	871,658	871,658	0
Rentals	10,000	56,964	56,964	0
Charges for Services	10,000	3,868	3,868	0
Contributions and Donations	10,000	35,875	35,875	0
Miscellaneous	6,000	38,746	38,746	0
<i>Total Revenues</i>	<u>18,673,929</u>	<u>20,023,696</u>	<u>20,023,947</u>	<u>251</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,297,735	9,162,272	8,581,624	580,648
Special	2,460,273	2,754,061	2,616,605	137,456
Vocational	276,888	276,888	222,970	53,918
Student Intervention Services	12,832	16,922	12,873	4,049
Other	423,630	419,540	420,064	(524)
Support Services:				
Pupils	1,308,407	1,442,329	1,717,391	(275,062)
Instructional Staff	606,478	263,580	316,087	(52,507)
Board of Education	30,214	30,214	21,648	8,566
Administration	1,701,863	1,621,863	1,773,127	(151,264)
Fiscal	695,326	696,016	569,697	126,319
Business	56,258	56,258	68,910	(12,652)
Operation and Maintenance of Plant	1,593,881	1,562,881	1,622,121	(59,240)
Pupil Transportation	1,255,204	1,248,304	1,519,784	(271,480)
Central	45,521	0	90,758	(90,758)
Extracurricular Activities	453,439	453,439	447,253	6,186
Operation of Non-Instructional Services:				
Community Services	22,213	813	4,094	(3,281)
Capital Outlay	1,873	2,273	7,139	(4,866)
Debt Service:				
Principal Retirement	90,731	91,704	91,092	612
Interest and Fiscal Charges	11,795	11,795	12,408	(613)
<i>Total Expenditures</i>	<u>20,344,561</u>	<u>20,111,152</u>	<u>20,115,645</u>	<u>(4,493)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,670,632)</u>	<u>(87,456)</u>	<u>(91,698)</u>	<u>(4,242)</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	30,000	112,989	112,989	0
Advances In	500,000	1,380,081	1,380,078	(3)
Advances Out	(500,000)	(1,884,187)	(1,884,186)	1
Transfers Out	(225,000)	(225,000)	(224,743)	257
<i>Total Other Financing Sources (Uses)</i>	<u>(195,000)</u>	<u>(616,117)</u>	<u>(615,862)</u>	<u>255</u>
<i>Net Change in Fund Balance</i>	<u>(1,865,632)</u>	<u>(703,573)</u>	<u>(707,560)</u>	<u>(3,987)</u>
<i>Fund Balance Beginning of Year</i>	4,279,213	4,279,213	4,279,213	0
Prior Year Encumbrances Appropriated	406,152	406,152	406,152	0
<i>Fund Balance End of Year</i>	<u>\$ 2,819,733</u>	<u>\$ 3,981,792</u>	<u>\$ 3,977,805</u>	<u>\$ (3,987)</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*Straight A Grant Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 4,060,100	\$ 1,745,305	\$ (2,314,795)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	608,700	628,397	(19,697)
Support Services:				
Instructional Staff	0	795,400	735,325	60,075
Administration	0	36,000	36,000	0
Operation and Maintenance of Plant	0	20,000	20,000	0
Pupil Transportation	0	1,750,000	1,810,500	(60,500)
Capital Outlay	0	850,000	829,878	20,122
<i>Total Expenditures</i>	<u>0</u>	<u>4,060,100</u>	<u>4,060,100</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(2,314,795)</u>	<u>(2,314,795)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	383,756	383,756	0
<i>Net Change in Fund Balance</i>	0	383,756	(1,931,039)	(2,314,795)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 383,756</u>	<u>\$ (1,931,039)</u>	<u>\$ (2,314,795)</u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2014*

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	Governmental Activities - Internal Service Fund
<b>Assets</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	\$ 2,710,748
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Claims Payable	461,002
Unearned Revenue	359,157
<i>Total Current Liabilities</i>	820,159
<b>Net Position</b>	
Unrestricted	\$ 1,890,589

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 4,004,797
Other	220,093
<i>Total Operating Revenues</i>	4,224,890
<b>Operating Expenses</b>	
Purchased Services	209,194
Claims	3,858,070
<i>Total Operating Expenses</i>	4,067,264
<i>Operating Income (Loss)</i>	157,626
<b>Non-Operating Revenues (Expenses)</b>	
Interest	7,300
<i>Change in Net Position</i>	164,926
<i>Net Position Beginning of Year</i>	1,725,663
<i>Net Position End of Year</i>	\$ 1,890,589

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 4,029,270
Other Cash Receipts	220,093
Cash Paid for Employee Benefits	(209,194)
Cash Paid for Claims	(3,894,574)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>145,595</u>
 <b>Cash Flows From Investing Activities</b>	
Interest on Investments	<u>7,300</u>
 <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	152,895
 <i>Cash and Cash Equivalents, Beginning of Year</i>	<u>2,557,853</u>
 <i>Cash and Cash Equivalents, End of Year</i>	<u><u>\$ 2,710,748</u></u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ 157,626
Adjustments:	
(Increase) Decrease Assets:	
Accounts Receivable	736
Increase (Decrease) in Liabilities:	
Claims Payable	(36,504)
Unearned Revenue	<u>23,737</u>
 <i>Total Adjustments</i>	<u>(12,031)</u>
 <i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 145,595</u></u>

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2014*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 50,378	\$ 37,665
<b>Liabilities</b>		
Accounts Payable	0	\$ 430
Due to Students	0	37,235
<i>Total Liabilities</i>	0	\$ 37,665
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 50,378	

See accompanying notes to the basic financial statements.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$ 20,225
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	20,000
<i>Change in Net Position</i>	225
<i>Net Position Beginning of Year</i>	50,153
<i>Net Position End of Year</i>	\$ 50,378

See accompanying notes to the basic financial statements.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District was established in 1867 with the construction of a six room school house. The School District serves an area of approximately 289 square miles. It is located in Carroll County, and includes all of the Village of Carrollton. The School District is the 204<sup>th</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. The School District currently operates eight instructional buildings, one administrative building, and one bus garage.

***Reporting Entity***

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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**A. Basis of Presentation**

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

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

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

**B. Fund Accounting**

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

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

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

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***Straight A Grant Fund*** The Straight A Grant fund accounts for grant monies received through the Straight A Program. These grant monies are restricted for projects that will provide for advancement in student achievement, achieve spending reductions in the five-year forecast or allow a greater share of resources to be utilized in the classroom.

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

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

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

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

***C. Measurement Focus***

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

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

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

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

***D. Basis of Accounting***

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

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

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

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

***Deferred Inflows of Resources and Deferred Outflows of Resources*** A deferred inflow of resources is an acquisition of assets by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the School District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources in governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as a deferred inflow of resources.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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

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

***E. Budgetary Process***

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

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

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

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

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

During fiscal year 2014, investments were limited to STAR Ohio, STAR Plus and a Money Market Account Extra (MMAX).

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

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*Notes to the Basic Financial Statements (Continued)*  
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STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$3,007, which includes \$1,359 assigned from other School District funds.

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

***G. Inventory***

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

Inventories consist of materials and supplies held for consumption.

***H. Capital Assets***

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

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

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

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

***I. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

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

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

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

***K. Interfund Balances***

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
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***L. Fund Balance***

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

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

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

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

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

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

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

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**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
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***M. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2014, there was no net position restricted by enabling legislation.

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

***N. Interfund Activity***

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

***O. Operating Revenues and Expenses***

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

***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

***Q. Estimates***

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

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**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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**R. Implementation of New Accounting Policies**

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

**Note 3 – Accountability**

Fund balances at June 30, 2014 included the following individual fund deficits:

<i>Non-Major Special Revenue Funds:</i>	
Food Service	\$ 56,614
Turf Project	260,000
Title I	69,229
Preschool	2,860
IDEA-B	41,294
Title II A	9,836

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

**Note 4 - Budgetary Basis of Accounting**

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

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

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

**Net Change in Fund Balance**

	General	Straight A Grant
GAAP Basis	\$ 107,780	\$ 31,001
Net Adjustment for Revenue Accruals	1,568,571	(327,024)
Net Adjustment for Expenditure Accruals	(2,023,066)	296,099
Funds Budgeted Elsewhere **	(3,613)	0
Adjustment for Encumbrances	(357,232)	(1,931,115)
Budget Basis	\$ (707,560)	\$ (1,931,039)

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

**Note 5 - Deposits and Investments**

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

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

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

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

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**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
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Interim monies may be deposited or invested in the following securities:

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

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

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

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According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2014, the School District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

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

At fiscal year-end, the carrying amount of the School District's deposits was \$4,500,006. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, \$2,946,086 of the School District's bank balance of \$4,710,236 was exposed to custodial risk as discussed below, while \$1,764,150 was covered by the Federal Deposit Insurance Corporation (FDIC), which includes \$1,002,693 held in a STAR Plus account.

***Investments***

As of June 30, 2014, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity 3 Months or Less</u>
STAR Ohio	\$ 10,065	\$ 10,065

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

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

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2014, is 51 days and carries a rating of AAAM by Standard and Poor's.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2014:

Investment Type	Fair Value	Percent of Total
STAR Ohio	\$ 10,065	100.00%

**Funds Held by Fiscal Agent**

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$2,710,748. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

The School District receives property taxes from Carroll County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,858,990. The amount available for advance at June 30, 2013, was \$1,855,875. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 297,365,480	88.52%	\$ 329,455,440	88.85%
Public Utility Personal	38,552,280	11.48%	41,363,080	11.15%
Total Assessed Values	<u>\$ 335,917,760</u>	<u>100.00%</u>	<u>\$ 370,818,520</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 29.40</u>		<u>\$ 29.40</u>	

**Note 7 - Receivables**

Receivables at June 30, 2014, consisted of property taxes, accounts (rent, student fees and tuition), interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 06/30/2013	Additions	Deletions	Balance 06/30/2014
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 112,325	\$ 0	\$ 0	\$ 112,325
Construction in Progress	0	1,873,689	0	1,873,689
<i>Total Capital Assets not being Depreciated</i>	112,325	1,873,689	0	1,986,014
<i>Capital Assets being depreciated</i>				
Land Improvements	1,314,825	0	(67,375)	1,247,450
Buildings and Building Improvements	7,115,105	0	(143,141)	6,971,964
Improvements Other Than Buildings	250,763	0	(79,707)	171,056
Furniture and Fixtures	282,539	0	(97,368)	185,171
Machinery and Equipment	2,201,743	110,431	(852,615)	1,459,559
Vehicles	2,241,892	81,023	(10,124)	2,312,791
<i>Total Capital Assets Being Depreciated</i>	13,406,867	191,454	(1,250,330)	12,347,991
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(766,981)	(53,016)	30,367	(789,630)
Buildings and Building Improvements	(4,017,387)	(112,731)	47,441	(4,082,677)
Improvements Other Than Buildings	(98,147)	(4,695)	17,939	(84,903)
Furniture and Fixtures	(147,352)	(9,771)	47,548	(109,575)
Machinery and Equipment	(1,559,215)	(55,442)	716,358	(898,299)
Vehicles	(1,463,254)	(121,249)	6,987	(1,577,516)
<i>Total Accumulated Depreciation</i>	(8,052,336)	(356,904) *	866,640	(7,542,600)
<i>Total Capital Assets Being Depreciated, Net</i>	5,354,531	(165,450)	(383,690)	4,805,391
<i>Governmental Activities Capital Assets, Net</i>	\$ 5,466,856	\$ 1,708,239	\$ (383,690)	\$ 6,791,405

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

\* Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	60,751
Special		7,215
Support Services:		
Pupils		6,707
Instructional Staff		3,224
Fiscal		849
Business		1,132
Operation and Maintenance of Plant		87,045
Pupil Transportation		130,594
Operation of Non-Instructional Services:		
Food Service Operations		2,780
Community Services		1,571
Public School Support		2,012
Extracurricular Activities		53,024
<i>Total Depreciation</i>	\$	356,904

**Note 9 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2014, the School District contracted with the Schools of Ohio Risk Sharing Authority for property and liability insurance coverage as follows:

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

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

**B. Employee Medical Benefits**

Medical, surgical and dental insurance is offered to all employees through a self insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$461,002 reported in the internal service fund at June 30, 2014, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2014 and 2013 are as follows:

		<u>Balance</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claims</u> <u>Payments</u>		<u>Balance</u> <u>End of Year</u>
2013	\$	271,368	\$	3,613,041	\$	3,386,903	\$	497,506
2014	\$	497,506	\$	3,858,070	\$	3,894,574	\$	461,002

**Note 10 - Defined Benefit Pension Plans**

**A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$379,945, \$393,109 and \$376,922, respectively; 82 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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***B. State Teachers Retirement System***

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

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District’s required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,141,367, \$1,131,385 and \$1,132,478, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$38,487 made by the School District and \$30,240 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board’s liability is 6.2 percent of wages paid.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 11 - Postemployment Benefits**

***A. School Employees Retirement System***

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

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$43,745, \$42,537 and \$16,323, respectively; 82 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$20,626, \$20,779 and \$22,259, respectively; 82 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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***B. State Teachers Retirement System***

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$81,526, \$80,813, and \$87,114, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**Note 12 - Other Employee Benefits**

***A. Compensated Absences***

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

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

***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through the Jefferson Health Plan. The Board pays the cost of the monthly premium, \$5.00 per employee.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

**Note 13 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2014 were as follows:

	Outstanding 06/30/2013	Additions	Deductions	Outstanding 06/30/2014	Amounts Due Within One Year
<b>Governmental Activities</b>					
School Energy Conservation Improvement Bond	\$ 441,825	\$ 0	\$ (59,361)	\$ 382,464	\$ 60,571
Compensated Absences	1,421,044	28,518	(172,418)	1,277,144	120,564
Capital Lease Payable	<u>98,850</u>	<u>0</u>	<u>(31,731)</u>	<u>67,119</u>	<u>32,935</u>
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 1,961,719</u>	<u>\$ 28,518</u>	<u>\$ (263,510)</u>	<u>\$ 1,726,727</u>	<u>\$ 214,070</u>

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

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

Principal and interest requirements to retire the School Energy Conservation Improvement Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	H.B. 264 Loan	
	Principal	Interest
2015	\$ 60,571	\$ 7,167
2016	61,807	5,932
2017	63,067	4,672
2018	64,352	3,386
2019	65,664	2,074
2020	<u>67,003</u>	<u>735</u>
	<u>\$ 382,464</u>	<u>\$ 23,966</u>

**Note 14 – Capitalized Lease**

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for governmental funds. During fiscal year 2014, total lease payments of \$35,150 were made from the general fund.

The following is a schedule of the future long term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2014:

		Copiers
Fiscal year ending June 30,	2015	\$ 35,150
	2016	35,150
		70,300
Less amount representing interest		3,181
Present value of minimum lease payments		\$ 67,119

**Note 15 – Fund Balance**

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

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

	General	Straight A Grant	Other Governmental Funds	Total
Nonspendable for:				
Materials and Supplies Inventory	\$ 50,144	\$ 0	\$ 0	\$ 50,144
Restricted for:				
Extracurricular Activities	0	0	38,492	38,492
Other Purposes	0	31,001	3,583	34,584
Total Restricted	0	31,001	42,075	73,076
Assigned for:				
Encumbrances:				
Instruction	9,247	0	0	9,247
Support Services	300,507	0	0	300,507
Operation of Non-Instructional Services	1,995	0	0	1,995
Subsequent Year Appropriations	1,349,850	0	0	1,349,850
Total Assigned	1,661,599	0	0	1,661,599
Unassigned	3,063,823	0	(439,833)	2,623,990
<i>Total Fund Balance (Deficit)</i>	<i>\$ 4,775,566</i>	<i>\$ 31,001</i>	<i>\$ (397,758)</i>	<i>\$ 4,408,809</i>

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

**Note 16 – Interfund Activity**

**A. Interfund Balances**

As of June 30, 2014, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

<b>Fund:</b>	Receivable	Payable
General	\$ 717,667	\$ 0
Straight A Grant	0	383,756
Other Governmental:		
Turf Project	0	260,000
Title VI-B	0	23,258
Title I	0	43,052
HC Preschool	0	1,462
Title II-A	0	6,139
<b>Totals</b>	<b>\$ 717,667</b>	<b>\$ 717,667</b>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the Statement of Net Position.

**B. Interfund Transfers**

During the fiscal year, the general fund transferred \$224,743 to the food service fund to provide additional resources for current operations.

**Note 17 - Jointly Governed Organization**

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Don Donahue, who serves as Treasurer, Steubenville, Ohio 43952. The School District paid \$84,227 to OME-RESA in fiscal year 2014.

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 18 - Set-Asides**

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

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2013	\$ 0
Current Year Set-aside Requirement	387,912
Current Year Qualifying Disbursements	(388,191)
Totals	\$ (279)
Balance Carried Forward to Fiscal Year 2015	\$ 0
Set-aside Restricted Balance as of June 30, 2014	\$ 0

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

**Note 19 – Contingencies and Commitments**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

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

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2014*

**C. Encumbrance Commitments**

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

Fund	Amount
General	\$ 311,749
Straight A Grant	1,635,016
Nonmajor Governmental	431,563
	\$ 2,378,328

**D. Contractual Commitments**

As of June 30, 2014, the School District had the following contractual commitments:

Project	Contractual Commitment	Expended	Balance 6/30/2014
Stadium AstroTurf	\$ 520,000	\$ 260,000	\$ 260,000
STEM Building	627,280	101,900	525,380
Bus Retro-fitting	660,000	400,000	260,000
	\$ 1,807,280	\$ 761,900	\$ 1,045,380

**Note 20 – Subsequent Events**

In September 2014, the School District issued \$500,000 in certificates of participation to fund the School District's field turf project. The certificates of participation were issued with an interest rate of 3% and mature on October 1, 2018.

On November 21, 2014, the School District's Board of Education approved an Enterprise Zone Agreement between Carroll County, Washington Township and Carroll County Energy LLC. As part of the agreement, the District will receive \$1,300,000 annually for thirty years.

February 24, 2015

To the Board of Education  
Carrollton Exempted Village School District  
Carroll County, Ohio  
252 3<sup>rd</sup> Street NE  
Carrollton, Ohio 44615

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Carrollton Exempted Village School District  
Report on Internal Control over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards  
Page 2 of 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

February 24, 2015

To the Board of Education  
Carrollton Exempted Village School District  
Carroll County, Ohio  
252 3<sup>rd</sup> Street NE  
Carrollton, Ohio 44615

**Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance  
Required by OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Carrollton Exempted Village School District's, Carroll County, Ohio (the School District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

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

*Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014*

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	CFDA Number	Federal Receipts	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013	84.010	\$ 115,608	\$ 101,205
Title I Grants to Local Educational Agencies	2014	84.010	612,146	654,956
Total Title I Grants to Local Educational Agencies			<u>727,754</u>	<u>756,161</u>
<i>Special Education Cluster:</i>				
Title VI-B	2013	84.027	71,670	57,143
Title VI-B	2014	84.027	417,863	441,122
Total Title VI-B			<u>489,533</u>	<u>498,265</u>
Early Childhood Special Education	2013	84.173	4,315	3,596
Early Childhood Special Education	2014	84.173	19,756	21,218
Total Early Childhood Special Education			<u>24,071</u>	<u>24,814</u>
<i>Total Special Education Cluster</i>			<u>513,604</u>	<u>523,079</u>
Title II-A - Improving Teacher Quality	2013	84.367	21,967	18,063
Title II-A - Improving Teacher Quality	2014	84.367	111,524	117,650
Total Title II-A - Improving Teacher Quality			<u>133,491</u>	<u>135,713</u>
ARRA - Race to the Top Incentive Grants	2014	84.395	3,150	3,150
<b>Total U.S. Department of Education</b>			<b><u>\$ 1,377,999</u></b>	<b><u>\$ 1,418,103</u></b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	2014	10.555	21,637	21,637
<i>Cash Assistance:</i>				
National School Lunch Program	2014	10.553	339,572	339,572
School Breakfast Program	2014	10.555	94,641	94,641
<i>Cash Assistance Subtotal</i>			<u>434,213</u>	<u>434,213</u>
<i>Total Child Nutrition Cluster</i>			<u>455,850</u>	<u>455,850</u>
Farm to School Grant	2014	10.575	4,500	4,500
<b>Total U.S. Department of Agriculture</b>			<b><u>460,350</u></b>	<b><u>460,350</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u>\$ 1,838,349</u></b>	<b><u>\$ 1,878,453</u></b>

**Carrollton Exempted Village School District**  
**Carroll County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2014*

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**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**Note B – Child Nutrition Cluster**

Federal money is commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**Note C – Food Donation Program**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT**  
**CARROLL COUNTY, OHIO**  
*SCHEDULE OF FINDINGS & QUESTIONED COSTS*  
*OMB CIRCULAR A-133, SECTION .505*  
*JUNE 30, 2014*

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies 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 Section .510?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster: Title VI-B Early Childhood Special Education	CFDA #84.027 CFDA #84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY, OHIO**

*SCHEDULE OF FINDINGS & QUESTIONED COSTS*

*OMB CIRCULAR A-133, SECTION .505*

*JUNE 30, 2014*

*(Continued)*

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**CARROLL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 19, 2015**