



Dave Yost • Auditor of State

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

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WYANDOT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Carey Exempted Village School District
Wyandot County
357 East South Street
Carey, Ohio 43316-1273

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

Other Information

We applied no procedures to Management's Discussion and Analysis or to the schedules of District's proportionate share of the net pension liabilities and contributions listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 4, 2016

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The management's discussion and analysis of the Carey Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The total net cash position of the District increased \$6,619,365 from fiscal year 2014.
- General cash receipts accounted for \$24,174,454 or 92.24% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,035,064 or 7.76% of total governmental activities cash receipts.
- The District had \$19,640,153 in cash disbursements related to governmental activities; \$2,035,064 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$24,174,454 were adequate to provide for these programs.
- The District's two major funds are the general fund and the classroom facilities fund. The general fund had cash receipts of \$8,942,861 in 2015. The cash disbursements and other financing uses of the general fund, totaled \$8,488,960 in 2015. The general fund's cash balance increased \$453,901 from 2014 to 2015.
- The classroom facilities fund had cash receipts of \$15,288,814 in 2015. The cash disbursements of the classroom facilities fund, totaled \$8,488,889 in 2015. The classroom facilities fund cash balance increased \$6,799,925 from 2014 to 2015.

Using this Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are two major governmental funds. The general fund and the classroom facilities fund are the only major funds.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Reporting the District as a Whole

Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer the question, “How did the District perform financially during 2015?” These statements include *only net cash position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the 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 District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities include District’s programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District’s Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the general fund and the classroom facilities fund.

Governmental Funds

Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District’s general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position

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WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)

and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds are a private-purpose trust fund used to account for scholarship's and an agency fund.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's net pension liability.

Government-Wide Financial Analysis

Recall that the Statement of Net Position – Cash Basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2015 and June 30, 2014.

	Net Cash Position	
	Governmental Activities 2015	Governmental Activities 2014
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 30,241,662	\$ 23,622,191
Cash and cash equivalents with fiscal agent	14	120
Total assets	<u>30,241,676</u>	<u>23,622,311</u>
<u>Net Cash Position</u>		
Restricted	23,278,904	17,183,486
Unrestricted	6,962,772	6,438,825
Total net cash position	<u>\$ 30,241,676</u>	<u>\$ 23,622,311</u>

The total net cash position of the District increased \$6,619,365 over fiscal year 2014. This increase can be attributed to the funds received to finance a school construction project under the State of Ohio Classroom Facilities Assistance Program (CFAP) and donations for the all-weather track.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)

The balance of government-wide unrestricted net cash position of \$6,962,772 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal year 2015 and 2014.

	Change in Net Cash Position	
	Governmental Activities 2015	Governmental Activities 2014
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 802,618	\$ 722,180
Operating grants and contributions	1,232,446	1,193,352
Total program cash receipts	2,035,064	1,915,532
General cash receipts:		
Property and other taxes	3,682,409	3,353,370
Unrestricted grants	4,973,409	4,461,817
Restricted grants	15,258,851	6,226,678
Issuance of bonds	-	10,905,000
Premium on bonds	-	271,575
Donations	170,346	-
Investment earnings	70,506	38,489
Other	18,933	103,916
Total general cash receipts	24,174,454	25,360,845
Total cash receipts	\$ 26,209,518	\$ 27,276,377

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)

	Change in Net Cash Position	
	Governmental Activities 2015	Governmental Activities 2014
Cash Disbursements:		
Instruction:		
Regular	\$ 3,775,268	\$ 3,768,546
Special	1,308,433	1,374,926
Vocational	410,897	457,222
Other	445,692	438,253
Support services:		
Pupil	425,625	508,030
Instructional staff	397,002	240,126
Board of education	61,474	118,666
Administration	744,012	755,915
Fiscal	347,529	345,665
Operations and maintenance	467,391	444,214
Pupil transportation	305,533	301,075
Central	26,709	11,362
Operation of non-instructional services:		
Other non-instructional services	133,887	144,888
Food service operations	365,716	362,598
Extracurricular	359,491	360,456
Facilities acquisition and construction	9,502,344	1,004,443
Debt service:		
Interest and fiscal charges	563,150	347,276
Bond issuance costs	-	202,613
Total cash disbursements	<u>19,640,153</u>	<u>11,186,274</u>
Change in net cash position before Transfer	6,569,365	16,090,103
Transfer In	<u>50,000</u>	<u>-</u>
Change in net cash position	6,619,365	16,090,103
Net cash position at beginning of year	23,622,311	7,532,208
Net cash position at end of year	<u><u>\$ 30,241,676</u></u>	<u><u>\$ 23,622,311</u></u>

Governmental Activities

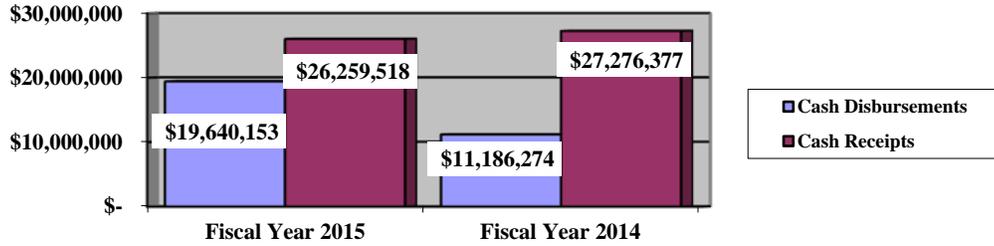
Governmental cash position increased \$6,619,365 in fiscal year 2015 from fiscal year 2014. Total governmental disbursements of \$19,640,153 were offset by program receipts of \$2,035,064 and general receipts of \$24,174,454. Program revenues supported 10.36% of the total governmental disbursements. The increase in general receipts can be attributed to grants received for the construction project as well as an increase in the collection of property taxes in the bond retirement fund (a nonmajor governmental fund) and the classroom facilities maintenance fund (a nonmajor governmental fund) related to the new bond issuance.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These receipt sources represent 91.07% of total governmental receipts. Real estate is reappraised every six years.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



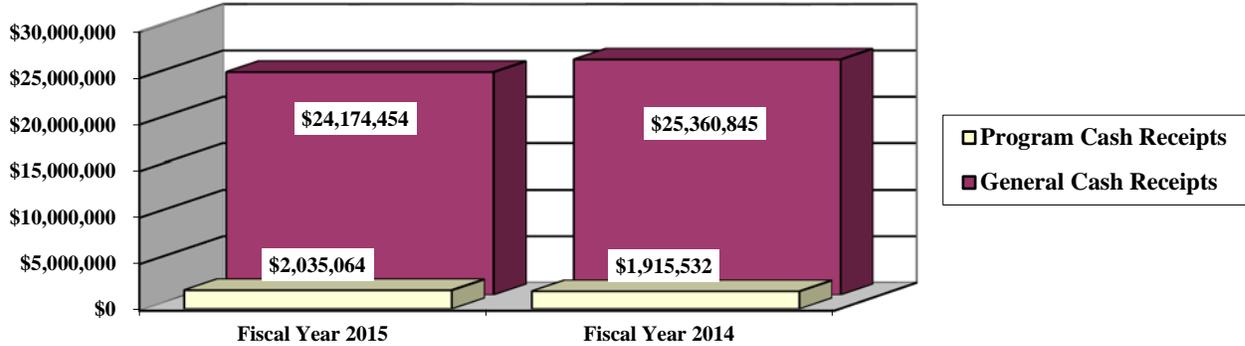
	Governmental Activities			
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Cash disbursements				
Instruction:				
Regular	\$ 3,775,268	\$ 3,331,432	\$ 3,768,546	\$ 3,346,316
Special	1,308,433	530,847	1,374,926	651,381
Vocational	410,897	353,734	457,222	379,670
Other	445,692	419,869	438,253	422,002
Support services:				
Pupil	425,625	415,996	508,030	499,803
Instructional staff	397,002	363,753	240,126	204,210
Board of education	61,474	61,474	118,666	118,666
Administration	744,012	742,673	755,915	753,470
Fiscal	347,529	347,525	345,665	345,665
Operations and maintenance	467,391	456,441	444,214	443,224
Pupil transportation	305,533	252,260	301,075	270,894
Central	26,709	26,709	11,362	11,362
Operation of non-instruction services:				
Other non-instructional services	133,887	(28,153)	144,888	671
Food service operations	365,716	8,209	362,598	18,671
Extracurricular	359,491	256,826	360,456	250,405
Facilities acquisition and construction	9,502,344	9,502,344	1,004,443	1,004,443
Debt service:				
Interest and fiscal charges	563,150	563,150	347,276	347,276
Bond issuance costs	-	-	202,613	202,613
Total	<u>\$ 19,640,153</u>	<u>\$ 17,605,089</u>	<u>\$ 11,186,274</u>	<u>\$ 9,270,742</u>

The dependence upon general cash receipts for governmental activities is apparent; with 89.64% of cash disbursements supported through taxes and other general cash receipts during 2015.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$30,241,676, which is \$6,619,365 above last year's total of \$23,622,311. This increase can be attributed to restricted grants received through the CFAP construction project. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2015 and June 30, 2014, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2015</u>	Fund Cash Balance <u>June 30, 2014</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 5,892,865	\$ 5,438,964	\$ 453,901
Classroom facilities	21,354,579	14,554,654	6,799,925
Other Nonmajor Governmental Funds	<u>2,994,232</u>	<u>3,628,693</u>	<u>(634,461)</u>
Total	<u>\$ 30,241,676</u>	<u>\$ 23,622,311</u>	<u>\$ 6,619,365</u>

General Fund

The general fund, the District's primary major fund, had cash receipts of \$8,942,861 in 2015. The cash disbursements and other financing uses of the general fund, totaled \$8,488,960 in 2015. The general fund's cash balance increased \$453,901 from 2014 to 2015. The tables that follow assist in illustrating the cash receipts and expenditures of the general fund.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

	2015 <u>Amount</u>	2014 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 2,975,685	\$ 2,889,691	2.98 %
Tuition	344,163	356,927	(3.58) %
Transportation fees	7,869	-	100.00 %
Earnings on investments	37,787	31,467	20.08 %
Other local revenues	159,483	209,513	(23.88) %
Intergovernmental	5,417,874	4,854,861	11.60 %
Total	<u>\$ 8,942,861</u>	<u>\$ 8,342,459</u>	7.20 %
<u>Cash Disbursements</u>			
Instruction	\$ 5,577,308	\$ 5,726,306	(2.60) %
Support services	2,621,745	2,643,151	(0.81) %
Operation of non instruction	440	-	100.00 %
Extracurricular	263,668	279,273	(5.59) %
Other Financing Uses	25,799	-	100.00 %
Total	<u>\$ 8,488,960</u>	<u>\$ 8,648,730</u>	(1.85) %

Overall receipts increased slightly from 2014 with an increase of \$600,402 or 7.20%. The increase in earnings on investments is due to an increase in the amount of investments from the prior year. Although there was a 23.88% decrease in other local revenues and a high increase in transportation fees, the dollar amounts are insignificant to the total receipts. The increase in intergovernmental receipts can be attributed to an increase in grants received from the state in 2015.

Overall disbursements decreased slightly from 2014 with a decrease of \$159,770 or 1.85% from 2014. There was a 100% increase in operation of non-instruction disbursements and other financing uses, but ultimately the increases of \$440 and \$25,799 are insignificant to the total disbursements. All other disbursements remained comparable to fiscal year 2014.

Classroom Facilities Fund

The classroom facilities fund had cash receipts of \$15,288,814 in 2015. The cash disbursements of the classroom facilities fund, totaled \$8,488,889 in 2015.

Budgeting Highlights - General Fund

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

For the general fund, final budget basis receipts were \$451,131 greater than the original budget estimates. Actual cash receipts of \$8,911,697 were more than final budget estimates by \$518,414. Final budget basis disbursements and other financing uses were \$1,050,353 above original budget estimates. The actual budgetary basis disbursements and other financing uses of \$8,664,215 were \$446,616 less than the final budget estimates.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had \$9,502,344 in facilities acquisition and construction disbursements during fiscal year 2015.

Debt Administration

At June 30, 2015, the District had the following long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
General obligation bonds	<u>\$ 10,928,859</u>	<u>\$ 10,912,791</u>

See Note 6 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The preceding financial information reveals that the Carey Exempted Village School District has done an excellent job of managing the funds available to them. After thirteen years without seeking new operating money, the District requested, and the voters approved, a one percent income tax levy in November 2004. Five year renewals for the income tax levy were approved by the voters in November 2008 and May 2014. This levy is necessary due to the cost of increased academic and testing requirements along with the increased financial stress and burden placed on school districts by the state in recent years through the shifting of funding.

Effective millage rates have been at the required 20 mil floor since calendar year 2004. This has resulted in some amount of real property tax growth.

Due to House Bill 66, additional local dollars have been lost in the form of reduced personal tangible property taxes. All personal tangible property taxes have been phased out as of May 2009. These taxes provided in excess of \$1,000,000 in revenue in 2005. This means that the District lost about 17% of its revenue stream. HB153 provided an accelerated phase out of the TPP reimbursement. The District lost 25 percent of the reimbursement in fiscal year 2012 and another 25 percent in fiscal year 2013. The most recent state budget continues the phase out. The District has been able to overcome the loss of TPP in part due to CAUV increases and proper fiscal management.

The enrollment pattern has resulted in a very slight decline in recent years. Open enrollment figures for recent years show a positive number of students entering the District over those leaving the District. Students attending community schools have increased in recent years. Open enrollment and community school numbers are uncertain from year to year and are therefore monitored closely.

The Carey Exempted Village School District is committed to educational and financial excellence. The community has been very supportive of the school in all aspects of the educational process. We feel confident that this amiable relationship will continue and will benefit the entire community for many years to come.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Karen Phillips, Treasurer, Carey Exempted Village School District, 357 E. South Street, Carey, Ohio 43316-1273.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 30,241,662
Cash with fiscal agent	14
Total assets.	\$ 30,241,676
 Net cash position:	
Restricted for:	
Capital projects	\$ 22,898,272
Classroom facilities maintenance	96,896
Debt service.	55,706
Locally funded programs	1,000
State funded programs.	65,981
Federally funded programs	163
Student activities	45,531
Food services	115,355
Unrestricted	6,962,772
Total net cash position.	\$ 30,241,676

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Cash Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 3,775,268	\$ 438,519	\$ 5,317	\$ (3,331,432)
Special	1,308,433	4,080	773,506	(530,847)
Vocational	410,897	-	57,163	(353,734)
Other	445,692	25,823	-	(419,869)
Support services:				
Pupil	425,625	-	9,629	(415,996)
Instructional staff	397,002	-	33,249	(363,753)
Board of education	61,474	-	-	(61,474)
Administration	744,012	-	1,339	(742,673)
Fiscal	347,529	-	4	(347,525)
Operations and maintenance	467,391	10,950	-	(456,441)
Pupil transportation	305,533	25,485	27,788	(252,260)
Central	26,709	-	-	(26,709)
Operation of non-instructional services:				
Other non-instructional services	133,887	-	162,040	28,153
Food service operations	365,716	200,430	157,077	(8,209)
Extracurricular activities	359,491	97,331	5,334	(256,826)
Facilities acquisition and construction	9,502,344	-	-	(9,502,344)
Debt service:				
Interest and fiscal charges	563,150	-	-	(563,150)
Total governmental activities	\$ 19,640,153	\$ 802,618	\$ 1,232,446	(17,605,089)

General cash receipts:

Property taxes levied for:	
General purposes	1,822,615
Debt service	518,008
Capital outlay	149,808
Special revenues	38,908
Income taxes levied for:	
General purposes	1,153,070
Grants and entitlements restricted for Ohio	
Facilities Construction Commission	15,258,851
Grants and entitlements not restricted	
to specific programs	4,973,409
Donations	170,346
Investment earnings	70,506
Miscellaneous	18,933
Total general cash receipts	24,174,454
Transfer In	50,000
Total general cash receipts and transfer	24,224,454
Change in net cash position	6,619,365
Net cash position at beginning of year	23,622,311
Net cash position at end of year	\$ 30,241,676

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,892,865	\$ 21,354,579	\$ 2,994,218	\$ 30,241,662
Cash with fiscal agent.	-	-	14	14
Total assets	<u>\$ 5,892,865</u>	<u>\$ 21,354,579</u>	<u>\$ 2,994,232</u>	<u>\$ 30,241,676</u>
Fund cash balances:				
Restricted:				
Debt service	\$ -	\$ -	\$ 55,706	\$ 55,706
Capital improvements	-	21,354,579	1,543,693	22,898,272
Classroom facilities maintenance	-	-	96,896	96,896
Food service operations	-	-	115,355	115,355
Non-public schools	-	-	65,981	65,981
Special education	-	-	149	149
Targeted academic assistance	-	-	14	14
Other purposes.	-	-	1,000	1,000
Extracurricular activities.	-	-	45,531	45,531
Committed:				
Capital improvements	-	-	1,070,007	1,070,007
Termination benefits.	121,488	-	-	121,488
Assigned:				
Student instruction	40,472	-	-	40,472
Student and staff support.	211,980	-	-	211,980
Operation of non-instructional	60	-	-	60
Unassigned	<u>5,518,865</u>	<u>-</u>	<u>(100)</u>	<u>5,518,765</u>
Total fund cash balances	<u>\$ 5,892,865</u>	<u>\$ 21,354,579</u>	<u>\$ 2,994,232</u>	<u>\$ 30,241,676</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts				
From local sources:				
Property taxes	\$ 1,822,615	\$ -	\$ 706,724	\$ 2,529,339
Income taxes.	1,153,070	-	-	1,153,070
Tuition.	344,163	-	-	344,163
Transportation fees.	7,869	-	-	7,869
Earnings on investments	37,787	29,963	2,974	70,724
Charges for services	-	-	200,430	200,430
Extracurricular.	31,164	-	109,606	140,770
Classroom materials and fees	48,219	-	-	48,219
Rental income	10,950	-	-	10,950
Contributions and donations	-	-	176,702	176,702
Contract services.	50,217	-	-	50,217
Other local revenues	18,933	-	-	18,933
Intergovernmental - intermediate	-	-	2,805	2,805
Intergovernmental - state	5,417,874	15,258,851	287,801	20,964,526
Intergovernmental - federal	-	-	490,801	490,801
Total cash receipts	<u>8,942,861</u>	<u>15,288,814</u>	<u>1,977,843</u>	<u>26,209,518</u>
Cash disbursements				
Current:				
Instruction:				
Regular.	3,679,676	-	95,592	3,775,268
Special	1,041,043	-	267,390	1,308,433
Vocational	410,897	-	-	410,897
Other	445,692	-	-	445,692
Support services:				
Pupil	415,999	-	9,626	425,625
Instructional staff	311,405	-	85,597	397,002
Board of education	61,474	-	-	61,474
Administration	742,673	-	1,339	744,012
Fiscal	322,332	-	25,197	347,529
Operations and maintenance	453,970	-	13,421	467,391
Pupil transportation	287,183	-	18,350	305,533
Central	26,709	-	-	26,709
Operation of non-instructional services:				
Other non-instructional services.	440	-	133,447	133,887
Food service operations.	-	-	365,716	365,716
Extracurricular activities	263,668	-	95,823	359,491
Facilities acquisition and construction.	-	8,488,889	1,013,455	9,502,344
Debt service:				
Interest and fiscal charges	-	-	563,150	563,150
Total cash disbursements	<u>8,463,161</u>	<u>8,488,889</u>	<u>2,688,103</u>	<u>19,640,153</u>
Excess (deficiency) of revenue over (under) expenditures.	<u>479,700</u>	<u>6,799,925</u>	<u>(710,260)</u>	<u>6,569,365</u>
Other financing sources (uses)				
Transfers in.	-	-	75,799	75,799
Transfers (out)	(25,799)	-	-	(25,799)
Total other financing sources (uses)	<u>(25,799)</u>	<u>-</u>	<u>75,799</u>	<u>50,000</u>
Net change in fund cash balances	453,901	6,799,925	(634,461)	6,619,365
Fund cash balances at beginning of year.	<u>5,438,964</u>	<u>14,554,654</u>	<u>3,628,693</u>	<u>23,622,311</u>
Fund cash balances at end of year.	<u>\$ 5,892,865</u>	<u>\$ 21,354,579</u>	<u>\$ 2,994,232</u>	<u>\$ 30,241,676</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
From local sources:				
Property taxes	\$ 1,687,474	\$ 1,783,353	\$ 1,822,615	\$ 39,262
Income taxes	1,046,857	1,106,338	1,153,070	46,732
Tuition	329,549	348,273	344,163	(4,110)
Transportation fees	1,265	1,337	7,869	6,532
Earnings on investments	27,679	29,252	37,787	8,535
Classroom materials and fees	42,849	45,284	48,219	2,935
Rental income	719	760	10,950	10,190
Contributions and donations	11,355	12,000	-	(12,000)
Contract services	9,609	10,155	50,217	40,062
Other local revenues	23,306	24,502	18,933	(5,569)
Intergovernmental - state	4,761,490	5,032,029	5,417,874	385,845
Total budgetary basis receipts	<u>7,942,152</u>	<u>8,393,283</u>	<u>8,911,697</u>	<u>518,414</u>
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	3,322,738	3,756,824	3,645,547	111,277
Special	993,869	1,120,631	1,045,986	74,645
Vocational	398,890	450,088	423,100	26,988
Other	393,024	443,152	421,215	21,937
Support services:				
Pupil	422,643	476,549	430,599	45,950
Instructional staff	272,912	310,987	331,864	(20,877)
Board of education	76,551	90,893	80,113	10,780
Administration	694,016	783,393	744,000	39,393
Fiscal	331,266	378,517	327,535	50,982
Operations and maintenance	501,649	571,381	562,747	8,634
Pupil transportation	321,105	362,060	320,344	41,716
Central	23,689	26,710	26,709	1
Operation of non-instructional services:				
Other non-instructional services	-	-	500	(500)
Extracurricular activities	247,126	278,646	258,157	20,489
Total budgetary basis disbursements	<u>7,999,478</u>	<u>9,049,831</u>	<u>8,618,416</u>	<u>431,415</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(57,326)</u>	<u>(656,548)</u>	<u>293,281</u>	<u>949,829</u>
Other financing uses:				
Transfers (out)	<u>(61,000)</u>	<u>(61,000)</u>	<u>(45,799)</u>	<u>15,201</u>
Net change in fund cash balance	(118,326)	(717,548)	247,482	965,030
Fund cash balance at beginning of year . .	4,956,760	4,956,760	4,956,760	-
Prior year encumbrances appropriated . .	307,417	307,417	307,417	-
Fund cash balance at end of year	<u>\$ 5,145,851</u>	<u>\$ 4,546,629</u>	<u>\$ 5,511,659</u>	<u>\$ 965,030</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	<u>\$ 24,291</u>	<u>\$ 97,256</u>
 Net cash position:		
Held for student activities	\$ -	\$ 97,256
Held in trust for scholarships	<u>24,291</u>	<u>-</u>
 Total net cash position.	<u>\$ 24,291</u>	<u>\$ 97,256</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 28
Gifts and contributions	2,125
Total additions	2,153
 Deductions:	
Scholarships awarded	3,700
Change in net cash position	(1,547)
Transfer Out	(50,000)
Net cash position at beginning of year.	75,838
Net cash position at end of year	\$ 24,291

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1886. The District serves an area of approximately fifty square miles. It is located in Wyandot and Seneca Counties. It is staffed by 42 classified employees, 65 certified employees and 5 administrators who provide services to 842 students and other community members. The District currently operates one building which serves grades K through 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Our Lady of Consolation

Within the District's boundaries, Our Lady of Consolation is operated as a private Catholic school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The financial activity is reflected in a special revenue fund (other governmental fund) of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 E Market Street, Celina, Ohio 45822.

PUBLIC ENTITY RISK POOLS

Ohio School Board Association Workers' Compensation Group Retro Program

The District participated in the group retro program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Board Association Workers' Compensation Group Rating Program (the "Program") was established through the Ohio School Board Association (OSBA) as a group purchasing pool.

The Executive Director of the OSBA, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the "Plan") is a public entity shared risk pool consisting of seven school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to employees of the participating school districts. Each participating school district's superintendent and treasurer are appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Each school district decides which benefit program offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Kathleen Chapin, Huntington National Bank, PO Box 1558, Columbus, OH 43216.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

RELATED ORGANIZATION

Dorcas Carey Library

The Dorcas Carey Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Carey Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Dorcas Carey Library, Tonia Clements, Fiscal Officer, 236 East Findlay Street, Carey, Ohio 43316.

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The 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. The District has no proprietary funds.

GOVERNMENTAL FUNDS

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Classroom facilities fund - This fund is used to account for monies received and disbursed in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to disbursements for principal and interest.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. 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 cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's private-purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

D. Basis of Presentation

Government-wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wyandot County Budget Commission for tax rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement for the general fund reflect the amounts in the original and final amended certificates of estimated resources issued during fiscal year 2015.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the certificate of estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. All supplemental appropriations were legally enacted by the Board during fiscal year 2015.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The budget figures which appear in the statement of budgetary comparison for the general fund represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds and funds held by the North Central Ohio Educational Service Center, consistent with statutory provisions.

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2015, investments were limited to non-negotiable certificates of deposit, negotiable certificates of deposit, U.S. government money market mutual funds, U.S. Treasury notes, federal agency securities, commercial paper and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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 shares prices, which is the price the investment could be sold for on June 30, 2015. All investments are reported at cost (carrying value). At June 30, 2015, the fair value of the District's investments was \$10,433,494.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$37,787, which includes \$10,474 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

I. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

J. Fund Cash Balance

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

K. Net Cash Position

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available.

L. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 receipts/disbursements in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated in the statement of activities.

M. 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 2015.

N. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2015, the District has implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*", GASB Statement No. 69 "*Government Combinations and Disposals of Government Operations*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 effected the District's pension plan disclosures, as presented in Note 9 to the financial statements, and added required supplementary information which is presented on pages 38-44.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 68 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net cash position/fund cash balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

C. Deficit Cash Balances

The District had the following deficit cash balances at June 30, 2015:

<u>Nonmajor governmental funds:</u>	<u>Deficit</u>
Vocational education enhancement	\$ 45
Title I - disadvantaged children	55

This deficit cash balance resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code §3315.20.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 items 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 the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

A. Cash with Fiscal Agent

At fiscal year-end, the District had \$14 in cash and cash equivalents held by the North Central Ohio Educational Service Center. This amount is included on the financial statements as "Cash with Fiscal Agent". The North Central Ohio Educational Service Center holds this flow through grant money for the District together with that of other school districts and therefore the District cannot classify this money by risk under GASB Statement No. 40.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits (including non-negotiable certificates of deposits of \$2,540,582) was \$19,929,715. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, \$1,171,922 of the District’s bank balance of \$20,005,952 was exposed to custodial risk as discussed below, while \$18,834,030 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% 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 a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2015, the District had the following investments and maturities:

Investment type	Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
U.S. Government money market mutual fund	276,770	276,770	-	-	-	-
FFCB	1,623,891	1,623,891	-	-	-	-
FHLB	2,204,347	204,914	1,999,433	-	-	-
FHLM	680,000	-	680,000	-	-	-
FNMA	780,749	780,749	-	-	-	-
Commerical paper	2,133,970	2,133,970	-	-	-	-
Negotiable CD's	2,733,763	250,000	399,763	799,000	550,000	735,000
Total	\$ 10,433,494	\$ 5,270,298	\$ 3,079,196	\$ 799,000	\$ 550,000	\$ 735,000

Interest Rate Risk: The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Standard & Poor’s has also assigned the U.S. Government money market mutual fund an AAAM money market rating. Federal agency securities and U.S. Treasury notes were rate AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Commercial paper was rated A-1+ and P-1 by Standard & Poor’s and Moody’s Investor Services, respectively. The

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

negotiable certificates of deposit are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4	0.01
U.S. Government money market mutual fund	276,770	2.65
FFCB	1,623,891	15.56
FHLB	2,204,347	21.13
FHLM	680,000	6.52
FNMA	780,749	7.48
Commercial paper	2,133,970	20.45
Negotiable CD's	<u>2,733,763</u>	<u>26.20</u>
Total	<u>\$ 10,433,494</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 19,929,715
Investments	10,433,494
Cash with fiscal agent	<u>14</u>
Total	<u>\$ 30,363,223</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 30,241,676
Private-purpose trust fund	24,291
Agency fund	<u>97,256</u>
Total	<u>\$ 30,363,223</u>

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wyandot and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. 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.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 91,558,980	97.56	\$ 94,026,860	97.49
Public utility personal	2,286,920	2.44	2,418,690	2.51
Total	<u>\$ 93,845,900</u>	<u>100.00</u>	<u>\$ 96,445,550</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$59.65		\$59.65	

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 25,799
 <u>Transfers from private purpose trust fund to:</u>	
Nonmajor governmental funds	<u>50,000</u>
	<u><u>\$ 75,799</u></u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 7 - LONG-TERM OBLIGATIONS

A. The changes in the District's long-term obligations during the year consist of the following:

	<u>Balance</u> <u>6/30/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/15</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<u>General Obligation Bonds:</u>					
Series 2013					
Current interest	\$ 10,850,000	\$ -	\$ -	\$ 10,850,000	\$ 5,000
Capital appreciation bonds	55,000	-	-	55,000	-
Accreted interest on bonds	<u>7,791</u>	<u>16,068</u>	<u>-</u>	<u>23,859</u>	<u>-</u>
Total General Obligation Bonds	<u><u>\$ 10,912,791</u></u>	<u><u>\$ 16,068</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,928,859</u></u>	<u><u>\$ 5,000</u></u>

B. Series 2013 General Obligation Bonds

On September 5, 2013, the District issued general obligation bonds, in the amount of \$10,905,000, for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$75,000, \$10,775,000 and \$55,000. The bonds are retired from the bond retirement fund, with a portion of the proceeds of a 6.5 mill voted property tax levy.

The capital appreciation bonds bear interest, compounded semi-annually on May 1 and November 1 (the "Interest Accretion Dates"), from the date of their issuance, but the interest will be payable only at maturity. The capital appreciation bonds will mature in fiscal years 2024 through 2032. The maturity amount of the capital appreciation bonds is \$1,320,000 with \$1,265,000 representing interest that accretes over the term of the bonds. The accreted value of the capital appreciation bonds at June 30, 2015 is \$23,859.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

Future debt requirements are below:

Year	Series 2013A					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 5,000	\$ 563,075	\$ 568,075	\$ -	\$ -	\$ -
2017	5,000	562,925	567,925	-	-	-
2018	30,000	562,400	592,400	-	-	-
2019	35,000	561,425	596,425	-	-	-
2020	40,000	560,300	600,300	-	-	-
2021 - 2025	210,000	2,769,500	2,979,500	15,000	190,000	205,000
2026 - 2030	-	2,756,500	2,756,500	30,000	710,000	740,000
2031 - 2035	740,000	2,701,405	3,441,405	10,000	365,000	375,000
2036 - 2040	1,830,000	2,350,601	4,180,601	-	-	-
2041 - 2045	2,800,000	1,763,369	4,563,369	-	-	-
2046 - 2050	4,110,000	862,173	4,972,173	-	-	-
2051	1,045,000	28,084	1,073,084	-	-	-
Total	<u>\$ 10,850,000</u>	<u>\$ 16,041,757</u>	<u>\$ 26,891,757</u>	<u>\$ 55,000</u>	<u>\$ 1,265,000</u>	<u>\$ 1,320,000</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2015 was an unvoted debt margin of \$96,446. Pursuant to Ohio Revised Code Section 133.06, the District was able to exceed 9% of their tax valuation without receiving special needs approval from the State since the cost of their locally funded initiatives did not exceed fifty percent of the local share of their Ohio Schools Facilities Construction project.

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2015, the District purchased liability, property, and fleet insurance with Trident through Governmental Underwriters of America (GUA), 600 Superior Ave, Suite 1300, Cleveland, OH 44114. The District pays annual premiums based on the types and limits of coverage and deductibles selected.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8 - RISK MANAGEMENT - (Continued)

Coverage provided by GUA is as follows:

Building and Contents - replacement cost (\$2,500 deductible)	\$26,617,880
EDP (\$500 deductible)	500,000
AV/Music/Misc Equip (\$500 deductible)	100,000 ea
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured and UnderInsured Motorists (\$1,000 deductible)	1,000,000
Collision (\$500 deductible)	
Other than Collision (\$250 deductible)	
General Liability-Aggregate	3,000,000
Per occurrence	1,000,000
Total per year	3,000,000
Excess Liability-Umbrella Form-each occurrence	2,000,000
Aggregate	2,000,000
Employee Dishonesty (\$250 deductible)	50,000
Forgery (\$250 deductible)	50,000
Money & Securities (\$250 deductible)	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

The District participated in the Ohio School Board Association Workers' Compensation Group Retro Program with Comp Management for fiscal year 2015. Comp Management, Inc. provided administrative, cost control, assistance with safety programs, and actuarial services. A District representative attends monthly meetings with the Wyandot Safety Council.

C. Health Insurance

The District participates in the Wyandot-Crawford Health Benefit Plan (the "Plan"), a public entity shared risk pool consisting of six school districts (FY2015). The District pays monthly premiums to the Plan for medical, dental, and life insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The Consortium also contracts with VSP for vision insurance.

NOTE 9 - PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9 - PENSION PLANS - (Continued)

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9 - PENSION PLANS - (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$143,222 for fiscal year 2015.

Plan Description - State Teachers Retirement System of Ohio (STRS Ohio)

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS Ohio. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS Ohio's fiduciary net position. That report can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - PENSION PLANS - (Continued)

portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS Ohio was \$535,325 for fiscal year 2015.

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS Ohio	Total
Proportionate share of the net pension liability	\$1,649,412	\$8,993,439	\$10,642,851
Proportion of the net pension liability	0.032591%	0.03697434%	

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 9 - PENSION PLANS - (Continued)

potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9 - PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$2,353,221	\$1,649,412	\$1,057,448

Actuarial Assumptions - STRS Ohio

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9 - PENSION PLANS - (Continued)

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$12,875,089	\$8,993,439	\$5,710,870

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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 the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the actuarially determined amount was \$20,450.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014 and 2013 were \$8,389, \$1,338 and \$1,494, respectively; 93.17 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$7,570, \$7,262 and \$6,910, respectively; 93.17 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The 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 report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$39,261 and \$38,248, respectively; 100 percent has been contributed for fiscal years 2014 and 2013.

NOTE 11 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either amounts owed or due to the District.

C. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12 - STATUTORY RESERVES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2014	\$ -
Current year set-aside requirement	140,717
Current year qualifying disbursements	(74,659)
Current year offsets	<u>(66,058)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside reserve balance June 30, 2015	<u>\$ -</u>

For the capital improvements reserve, qualifying disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash) and certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Net Change in Fund Cash Balance

Budget basis	\$	247,482
Funds budgeted elsewhere		(42,527)
Adjustment for encumbrances		<u>248,946</u>
Cash basis	\$	<u><u>453,901</u></u>

NOTE 14 - INCOME TAXES

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax became effective January, 2005. A five year renewal of the levy was passed in November 2009. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the general fund.

NOTE 15 - COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 248,946
Classroom facilities fund	6,916,296
Other nonmajor governmental	<u>2,166,498</u>
 Total	 <u><u>\$ 9,331,740</u></u>

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS*

	2015	2014
District's proportion of the net pension liability	0.03259100%	0.03259100%
District's proportionate share of the net pension liability	\$ 1,649,412	\$ 1,938,082
District's covered-employee payroll	\$ 1,023,014	\$ 947,043
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	161.23%	204.65%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS*

	2015	2014
District's proportion of the net pension liability	0.03697434%	0.03697434%
District's proportionate share of the net pension liability	\$ 8,993,439	\$ 10,712,926
District's covered-employee payroll	\$ 3,823,750	\$ 3,777,757
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.20%	283.58%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

**SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TWO FISCAL YEARS

	2015	2014
Contractually required contribution	\$ 143,222	\$ 132,586
Contributions in relation to the contractually required contribution	(143,222)	(132,586)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 1,023,014	\$ 947,043
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2015	2014
Contractually required contribution	\$ 535,325	\$ 528,886
Contributions in relation to the contractually required contribution	(535,325)	(528,886)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 3,823,750	\$ 3,777,757
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY, OHIO**

NOTES TO OTHER INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> <u>Program Title</u>	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	\$ 28,180
Cash Assistance	10.555	<u>137,437</u>
Total National School Lunch Program		165,617
School Breakfast Program	10.553	<u>16,380</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>181,997</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	116,699
Improving Teacher Quality State Grants	84.367	28,681
Special Education Cluster:		
Special Education - Grants to States	84.027	184,526
<i>Passed Through North Central Ohio ESC</i>		
Special Education - Preschool Grants	84.173	<u>6,804</u>
Total Special Education Cluster		<u>191,330</u>
English Language Acquisition Grants	84.365	<u>193</u>
Total U. S. Department of Education		<u>336,903</u>
Total Federal Awards Expenditures		<u><u>\$ 518,900</u></u>

The accompanying notes are an integral part of this schedule.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports Carey Exempted Village School District's (the District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Carey Exempted Village School District
Wyandot County
357 East South Street
Carey, Ohio 43316-1273

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 4, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

February 4, 2106



Dave Yost • Auditor of State

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

Carey Exempted Village School District
Wyandot County
357 East South Street
Carey, Ohio 43316-1273

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Carey Exempted Village School District, Wyandot County, Ohio's, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Carey Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 4, 2016

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: CFDA #10.553 – School Breakfast Program and CFDA #10.555 – National School Lunch Program Special Education Cluster: CFDA #84.027 – Special Education – Grants to States CFDA #84.173 – Special Education – Preschool Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2015-001

Noncompliance Citation

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepared its annual report in accordance with generally accepted accounting principles (GAAP).

As a cost savings measure the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

Officials' Response:

The Carey Board of Education acknowledges that the State requires school districts to create GAAP reports once a year. The Board also acknowledges that to do so creates additional costs to the District for conversion and auditing. School districts currently operate on a cash basis. The GAAP conversion process takes several months and the information is, therefore, outdated before the GAAP report is complete. If the State wishes to have school districts report on a GAAP, or accrual, basis, it should provide accrual accounting software that would also provide a balance sheet for the districts. It is the opinion of the Board and Administration that the GAAP conversion process is costly and time consuming to the District with little or no benefit to the District. Therefore, the District continues to report on a cash basis with OCBOA (Other Cash Basis of Accounting) statements prepared annually.

FINDING NUMBER 2015-002

Material Weakness

Financial Reporting

The District's management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources and provides governmental fund type definitions. Errors were noted in the financial statements that resulted in the following material adjustments:

**FINDING NUMBER 2015-002
(Continued)**

- Fund balance restricted by debt requirements of \$933,010 within the Building Fund was improperly accounted for as Committed; and
- The All Weather Track Fund was improperly accounted for as a Private Purpose Trust fund instead of a Capital Projects Fund (receipts of \$220,346 and disbursements of \$209,477).

These errors were a result of inadequate policies and procedures in reviewing the financial statements. Additional errors were noted in smaller relative amounts. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors. To ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the annual report by the Treasurer and Board of Education to identify and correct errors, omissions, and misclassifications.

Officials' Response:

The classifications were done by a third party accounting firm contracted to prepare the cash basis financial reports.

3. FINDINGS FOR FEDERAL AWARDS

None

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) for reporting on a basis other than generally accepted accounting principles.	No	Not Corrected. Repeated in this report as finding 2015-001.
2014-002	Material weakness in financial reporting due to errors in financial statements.	No	Not Corrected. Repeated in this report as finding 2015-002.



Dave Yost • Auditor of State

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2016**