



Rea & associates a *brighter* way

Carrollton Exempted Village School District Carroll County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Carrollton Exempted Village School District, Carroll County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 2, 2016

This page intentionally left blank.

Carrollton Exempted Village School District
Carroll County, Ohio
Table of Contents
June 30, 2015

	<i>Page</i>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	22
Statement of Fund Net Position – Proprietary Fund	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	24
Statement of Cash Flows – Proprietary Fund	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund.....	27
Notes to the Basic Financial Statements	28
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability	61
Schedule of School District Contributions.....	62
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	64
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133.....	66
Schedule of Expenditures of Federal Awards.....	68
Notes to the Schedule of Expenditures of Federal Awards.....	69
Schedule of Findings and Questioned Costs.....	70

December 18, 2015

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

Independent Auditor's Report

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrollton Exempted Village School District, Carroll County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2, the School District restated net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* and to account for the incorrect determination of the property tax amount available for advance in prior years. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the School District's Proportionate Share of the Net Pension Liability* and *Schedule of School District Contributions* on pages 5-15, 61 and 62-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Hea & Associates, Inc.

New Philadelphia, Ohio

This page intentionally left blank

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position increased \$2,995,730, which represents a 20 percent increase from 2014.
- Capital assets increased \$627,090 during fiscal year 2015.
- During the year, outstanding debt increased from \$449,583 to \$750,468 due to the School District issuing \$500,000 as a certificate of participation to fund the school stadium and facilities project.
- The School District implemented GASB 68, which reduced beginning net position as previously reported by \$26 million. The School District had overstated the property tax amount available for advance in the prior year, further reducing previously reported net position and fund balance by \$1.6 million.

Using this Annual Report

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 18. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 23.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities	
	2015	Restated 2014
Assets		
Current and Other Assets	\$ 21,192,477	\$ 16,709,459
Capital Assets	7,418,495	6,791,405
<i>Total Assets</i>	<u>28,610,972</u>	<u>23,500,864</u>
Deferred Outflows of Resources		
Pension	1,778,021	1,541,938
Liabilities		
Current and Other Liabilities	2,785,724	3,698,638
Long-Term Liabilities:		
Due Within One Year	306,364	214,070
Due in More Than One Year		
Net Pension Liability	23,565,121	28,002,675
Other Amounts	1,660,236	1,512,657
<i>Total Liabilities</i>	<u>28,317,445</u>	<u>33,428,040</u>
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	8,195,024	6,298,650
Pension	4,264,307	0
Payment in Lieu of Taxes	1,300,375	0
<i>Total Deferred Inflows of Resources</i>	<u>13,759,706</u>	<u>6,298,650</u>
Net Position		
Net Investment in Capital Assets	6,989,920	6,622,386
Restricted	1,706,902	1,778,994
Unrestricted	(20,384,980)	(23,085,268)
<i>Total Net Position</i>	<u>\$ (11,688,158)</u>	<u>\$ (14,683,888)</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

During fiscal year 2015, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$11,776,849 to a deficit balance of \$14,683,888.

At year end, capital assets represented 26 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment, and vehicles. The net investment in capital assets was \$6,989,920 at June 30, 2015. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,706,902, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit balance of \$20,384,980, which was primarily caused by the implementation of GASB 68 & 71.

The School District experienced an increase in cash due to receipt of \$1.3 million from the enterprise zone agreement with Carroll County Energy, LLC (see Note 7) as well as increases in property and other local taxes. Several capital projects were completed during fiscal year 2015, including the construction of the STEM building and new stadium turf, and were placed into operation causing an increase in depreciable capital assets and a decrease in construction in progress. During fiscal year 2014 and 2015, the School District was awarded the Straight A grant to assist with funding a portion of these projects. Due to the timing of the receipt of the grant monies, there was a significant decrease in intergovernmental receivables as a substantial amount of the grant monies was received during fiscal year 2015. The increase in deferred inflows of resources can be attributed to an increase in property taxes receivable due to increased assessed values in fiscal year 2015. As gas and oil monies are received by the county, they are settled through real estate property tax settlements and may cause continued fluctuations for the School District as the amounts increase or decrease from year to year. Accrued wages and benefits decreased during fiscal year 2015 due the timing of payroll dates and the number of days accrued in fiscal year 2015 versus fiscal year 2014. Deferred outflows increased due to the implementation of GASB 68.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2015 and 2014.

Table 2
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,222,047	\$ 1,402,906
Operating Grants	2,650,718	2,675,185
Capital Grants	633,597	4,060,103
<i>Total Program Revenues</i>	<u>4,506,362</u>	<u>8,138,194</u>
<i>General Revenues:</i>		
Property Taxes	8,830,767	6,775,894
Grants and Entitlements Not Restricted	11,416,287	11,451,274
Payments in Lieu of Taxes	1,300,375	0
Other	251,881	69,916
<i>Total General Revenues</i>	<u>21,799,310</u>	<u>18,297,084</u>
<i>Total Revenues</i>	<u>26,305,672</u>	<u>26,435,278</u>
Program Expenses		
Instruction:		
Regular	8,938,202	8,803,784
Special	3,500,306	3,862,339
Vocational	187,944	202,042
Adult/Continuing	40,801	18,489
Student Intervention Services	6,439	12,873
Other	469,832	482,294
Support Services:		
Pupils	1,420,582	1,667,496
Instructional Staff	628,264	563,027
Board of Education	14,068	21,493
Administration	1,673,095	1,762,872
Fiscal	554,613	540,728
Business	82,970	75,361
Operation and Maintenance of Plant	2,213,828	1,852,644
Pupil Transportation	1,981,482	1,643,535
Central	78,699	90,758
Operation of Non-Instructional Services:		
Food Service Operations	779,831	749,793
Community Services	8,242	9,938
Other	24,961	24,050
Extracurricular Activities	686,221	761,869
Debt Service:		
Interest and Fiscal Charges	19,562	11,796
<i>Total Expenses</i>	<u>23,309,942</u>	<u>23,157,181</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ 2,995,730</u>	<u>\$ 3,278,097</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,541,938 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,146,513. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68		\$ 23,309,942
Pension expense under GASB 68		(1,146,513)
2015 contractually required contribution		<u>1,555,843</u>
Adjusted 2015 program expenses		23,719,272
Total 2014 program expenses under GASB 27		<u>23,157,181</u>
Increase in program expenses not related pension		<u>\$ 562,091</u>

Certain foundation payments for special education and transportation were reclassified to program revenue from general revenue for fiscal year 2015. For comparability purposes, fiscal year 2014 was also updated in Tables 2 and 3 to reflect this change.

The decrease in capital grants can be attributed to the School District being awarded the Straight A Grant during fiscal year 2014. Property tax revenue increased due to an increase in gas and oil monies received by the School District through the real estate property tax settlement payments. Beginning in fiscal year 2015, the School District entered into an enterprise zone agreement with Carroll County Energy where the School District will receive annual payments in the amount of \$1,300,375 from Carroll County Energy as a result of property tax exemption. An increase in operation and maintenance of plant can be attributed to various building improvements made during fiscal year 2015.

This space intentionally left blank.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
Instruction:				
Regular	\$ 8,938,202	\$ 8,803,784	\$ 7,640,975	\$ 7,197,117
Special	3,500,306	3,862,339	1,591,003	1,932,451
Vocational	187,944	202,042	154,997	175,059
Adult/Continuing	40,801	18,489	40,801	3,371
Student Intervention Services	6,439	12,873	6,439	12,873
Other	469,832	482,294	419,853	424,171
Support Services:				
Pupils	1,420,582	1,667,496	1,313,895	1,529,816
Instructional Staff	628,264	563,027	498,870	3,044
Board of Education	14,068	21,493	14,068	21,493
Administration	1,673,095	1,762,872	1,619,218	1,728,583
Fiscal	554,613	540,728	554,613	540,728
Business	82,970	75,361	82,970	75,361
Operation and Maintenance of Plant	2,213,828	1,852,644	2,199,330	1,485,035
Pupil Transportation	1,981,482	1,643,535	1,967,871	(931,263)
Central	78,699	90,758	78,699	90,758
Operation of Non-Instructional Services:				
Food Service Operations	779,831	749,793	98,769	135,848
Community Services	8,242	9,938	1,513	2,925
Other	24,961	24,050	6,631	4,008
Extracurricular Activities	686,221	761,869	493,503	575,813
Debt Service:				
Interest and Fiscal Charges	19,562	11,796	19,562	11,796
<i>Total Expenses</i>	\$ 23,309,942	\$ 23,157,181	\$ 18,803,580	\$ 15,018,987

The dependence upon general revenues for governmental activities is apparent. Nearly 81 percent of governmental activities are supported through taxes and other general revenues; such revenues are 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Governmental Funds

Information about the School District's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,639,062 and expenditures of \$25,109,272 for the fiscal year.

The general fund's net change in fund balance for fiscal year 2015 was an increase of \$2,703,775. This increase can mostly be attributed to an increase in property and other local taxes due to oil and gas monies, as well as payments in lieu of taxes.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District did amend its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenues, excluding other financing sources, of \$23,254,636 were \$4,656,430 higher than original budget basis revenues, excluding other financing sources, of \$18,598,206, due to an increase in state foundation and property tax revenue estimates.

Final expenditure appropriations, excluding other financing uses, of \$21,724,612 were \$1,049,273 higher than the original expenditure appropriations of \$20,675,339, mostly due to unanticipated overages on the fueling station capital project. Actual expenditures of \$21,703,947 were \$20,665 lower than final expenditure appropriations.

Original budgeted advances in and out were increased approximately \$2.5 million and \$2.6 million, respectively, in the final budget to account for needs of School District funds.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$7,418,495 invested in capital assets. Table 4 shows fiscal year 2015 balances compared with 2014.

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

	Governmental Activities	
	2015	2014
Land	\$ 112,325	\$ 112,325
Construction in Progress	1,000,000	1,873,689
Land Improvements	910,438	457,820
Buildings and Building Improvements	3,674,414	2,889,287
Improvements Other Than Buildings	81,458	86,153
Furniture and Fixtures	152,923	75,596
Machinery and Equipment	867,326	561,260
Vehicles	619,611	735,275
<i>Totals</i>	\$ 7,418,495	\$ 6,791,405

The \$627,090 increase in capital assets was primarily attributable to the completion of the STEM building in fiscal year 2015, which began in fiscal year 2014. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2015, the School District had \$750,468 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2015	2014
School Improvement Bonds	\$ 321,893	\$ 382,464
Certificates of Participation	394,391	0
Lease Obligations	34,184	67,119
<i>Total</i>	\$ 750,468	\$ 449,583

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Current Issues

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

In more recent local revenue developments, in fiscal year 2015 the School District received its first tax settlement to include significant money from 2013 gas and oil production. Recent conversations with the County Auditor indicate there is hope that 2014 production will net nearly the same results for fiscal year 2016. Caution was given that fiscal year 2017 will not be so bright. Gas companies are dialing down, or in some cases, shutting down production in response to falling gasoline prices. The local gas and oil revenue to the School District is not a stable revenue stream due to these market dynamics.

Also in fiscal year 2015, the School District received its first "Payment in Lieu of Taxes" from Carroll County Energy, who is building a gas fueled electric generating plant. The amount of \$1.3 million was credited to the General Fund. The next 29 annual payments will be used solely for the construction of a new school building(s).

The Carrollton Exempted Village School District does not anticipate any growth in State revenue. The State budget for fiscal years 2016 & 2017 (HB64) indicates that the School District will be on the Transitional Aid Guarantee. We currently receive \$1.8 million in Guarantee money. Although the Guarantee protects against heavy State revenue loss, receiving this aid means that revenue will not increase, while costs continue to increase. In addition to the stagnant State revenue in recent years, State funding was made whole by Federal Stimulus money in fiscal years 2010 and 2011. That federal money is now gone and not being filled by any other revenue stream.

All scenarios require management to plan carefully and prudently in order to provide all the resources required to meet student needs over the next several years. The expectation is that the unprecedented gas and oil activity in the area will eventually lead to a more stable, increased local tax revenue stream. With State revenue being stagnant and possibly being reduced as more talk is focused on the phase-out of the Guarantee, local revenue will become more critical to keep pace with increasing personnel and other costs.

Contacting the School District's Financial Management

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

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,059,783
Cash and Cash Equivalents with Fiscal Agent	2,966,296
Receivables:	
Accounts	8,590
Intergovernmental	1,207,773
Revenue in Lieu of Taxes	1,300,375
Property Taxes	8,649,660
Nondepreciable Capital Assets	1,112,325
Depreciable Capital Assets (Net)	6,306,170
<i>Total Assets</i>	28,610,972
 Deferred Outflows of Resources	
Pension	1,778,021
 Liabilities	
Accounts Payable	26,591
Accrued Wages and Benefits	1,697,089
Intergovernmental Payable	473,617
Accrued Vacation Leave Payable	30,901
Accrued Interest Payable	9,163
Claims Payable	188,204
Unearned Revenue	360,159
Long Term Liabilities:	
Due Within One Year	306,364
Due In More Than One Year:	
Net Pension Liability (See Note 10)	23,565,121
Other Amonts Due in More Than One Year	1,660,236
<i>Total Liabilities</i>	28,317,445
 Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	8,195,024
Pension	4,264,307
Payment in Lieu of Taxes for the Next Year	1,300,375
<i>Total Deferred Inflows of Resources</i>	13,759,706
 Net Position	
Net Investment in Capital Assets	6,989,920
Restricted For:	
Capital Outlay	1,641,918
Other Purposes	64,984
Unrestricted	(20,384,980)
<i>Total Net Position</i>	\$ (11,688,158)

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 8,938,202	\$ 658,117	\$ 141,853	\$ 497,257	\$ (7,640,975)
Special	3,500,306	135,665	1,773,638	0	(1,591,003)
Vocational	187,944	0	32,947	0	(154,997)
Adult/Continuing	40,801	0	0	0	(40,801)
Student Intervention Services	6,439	0	0	0	(6,439)
Other	469,832	0	49,979	0	(419,853)
Support Services:					
Pupils	1,420,582	0	106,687	0	(1,313,895)
Instructional Staff	628,264	0	28,447	100,947	(498,870)
Board of Education	14,068	0	0	0	(14,068)
Administration	1,673,095	0	32,092	21,785	(1,619,218)
Fiscal	554,613	0	0	0	(554,613)
Business	82,970	0	0	0	(82,970)
Operation and Maintenance of Plant	2,213,828	0	9,000	5,498	(2,199,330)
Pupil Transportation	1,981,482	0	5,501	8,110	(1,967,871)
Central	78,699	0	0	0	(78,699)
Operation of Non-Instructional Services:					
Food Service Operations	779,831	229,599	451,463	0	(98,769)
Community Services	8,242	0	6,729	0	(1,513)
Other	24,961	18,330	0	0	(6,631)
Extracurricular Activities	686,221	180,336	12,382	0	(493,503)
Debt Service:					
Interest and Fiscal Charges	19,562	0	0	0	(19,562)
Total	\$ 23,309,942	\$ 1,222,047	\$ 2,650,718	\$ 633,597	(18,803,580)

General Revenues

Property Taxes Levied for:	
General Purposes	8,830,767
Grants and Entitlements Not Restricted to Specific Programs	11,416,287
Payments in Lieu of Taxes	1,300,375
Investment Earnings	32,584
Miscellaneous	219,297
Total General Revenues	21,799,310
 <i>Change in Net Position</i>	 2,995,730
 <i>Net Position Beginning of Year (Restated-See Note 2R)</i>	 (14,683,888)
<i>Net Position End of Year</i>	<u>(11,688,158)</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Balance Sheet
Governmental Funds
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 6,745,159	\$ 314,624	\$ 7,059,783
Receivables:			
Accounts	7,635	955	8,590
Interfund	803,293	0	803,293
Intergovernmental	144,480	1,063,293	1,207,773
Revenue in Lieu of Taxes	1,300,375	0	1,300,375
Property Taxes	8,649,660	0	8,649,660
<i>Total Assets</i>	<u>\$ 17,650,602</u>	<u>\$ 1,378,872</u>	<u>\$ 19,029,474</u>
Liabilities			
Accounts Payable	\$ 10,416	\$ 16,175	\$ 26,591
Accrued Wages and Benefits	1,494,445	202,644	1,697,089
Intergovernmental Payable	444,695	28,922	473,617
Interfund Payable	0	803,293	803,293
<i>Total Liabilities</i>	<u>1,949,556</u>	<u>1,051,034</u>	<u>3,000,590</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	8,195,024	0	8,195,024
Unavailable Revenue	318,946	260,000	578,946
Payment in Lieu of Taxes for the Next Year	1,300,375	0	1,300,375
<i>Total Deferred Inflows of Resources</i>	<u>9,814,345</u>	<u>260,000</u>	<u>10,074,345</u>
Fund Balances			
Restricted	1,300,375	162,509	1,462,884
Committed	550,817	0	550,817
Assigned	799,931	0	799,931
Unassigned	3,235,578	(94,671)	3,140,907
<i>Total Fund Balances</i>	<u>5,886,701</u>	<u>67,838</u>	<u>5,954,539</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 17,650,602</u>	<u>\$ 1,378,872</u>	<u>\$ 19,029,474</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances		\$ 5,954,539
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,418,495
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 260,000	
Excess Costs	144,480	
Property Taxes	174,466	578,946
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,417,933
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(9,163)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,778,021	
Deferred Inflows - Pension	(4,264,307)	
Net Pension Liability	(23,565,121)	(26,051,407)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(321,893)	
Certificates of Participation	(394,391)	
Capital Lease Obligation	(34,184)	
Vacations Payable	(30,901)	
Compensated Absences	(1,216,132)	(1,997,501)
<i>Net Position of Governmental Activities</i>		\$ (11,688,158)

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 8,826,541	\$ 0	\$ 8,826,541
Payments in Lieu of Taxes	1,300,375	0	1,300,375
Intergovernmental	12,186,992	3,824,449	16,011,441
Investment Income	3,119	0	3,119
Tuition and Fees	809,114	0	809,114
Extracurricular Activities	18,330	180,337	198,667
Rentals	18,852	0	18,852
Charges for Services	2,170	229,599	231,769
Contributions and Donations	96,904	31,565	128,469
Miscellaneous	110,218	497	110,715
<i>Total Revenues</i>	<u>23,372,615</u>	<u>4,266,447</u>	<u>27,639,062</u>
Expenditures			
Current:			
Instruction:			
Regular	8,694,281	1,073,936	9,768,217
Special	2,746,255	911,435	3,657,690
Vocational	195,996	0	195,996
Adult Education	32,211	8,238	40,449
Student Intervention Services	11,242	0	11,242
Other	420,423	49,409	469,832
Support Services:			
Pupils	1,381,893	105,332	1,487,225
Instructional Staff	340,837	312,298	653,135
Board of Education	14,272	0	14,272
Administration	1,643,891	112,165	1,756,056
Fiscal	565,888	0	565,888
Business	81,838	0	81,838
Operation and Maintenance of Plant	1,977,099	28,999	2,006,098
Pupil Transportation	1,512,525	29,500	1,542,025
Central	78,699	0	78,699
Extracurricular Activities	468,586	180,652	649,238
Operation of Non-Instructional Services:			
Food Service Operations	0	811,639	811,639
Community Services	0	6,652	6,652
Other	22,968	0	22,968
Capital Outlay	139,273	941,326	1,080,599
Debt Service:			
Principal Retirement	199,115	0	199,115
Interest and Fiscal Charges	10,399	0	10,399
<i>Total Expenditures</i>	<u>20,537,691</u>	<u>4,571,581</u>	<u>25,109,272</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,834,924</u>	<u>(305,134)</u>	<u>2,529,790</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	11,055	97,525	108,580
Proceeds of Certificates of Participation	0	500,000	500,000
Transfers In	0	142,204	142,204
Transfers Out	(142,204)	0	(142,204)
<i>Total Other Financing Sources (Uses)</i>	<u>(131,149)</u>	<u>739,729</u>	<u>608,580</u>
<i>Net Change in Fund Balance</i>	2,703,775	434,595	3,138,370
<i>Fund Balances Beginning of Year (Restated-See Note 2R)</i>	<u>3,182,926</u>	<u>(366,757)</u>	<u>2,816,169</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,886,701</u>	<u>\$ 67,838</u>	<u>\$ 5,954,539</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds	\$	3,138,370
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 1,093,835	
Current Year Depreciation	<u>(413,416)</u>	680,419
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(53,329)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	4,226	
Excess Costs	(36,353)	
Intergovernmental	<u>(1,439,307)</u>	(1,471,434)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	60,571	
Certificate of Participation	105,609	
Capital Leases	<u>32,935</u>	199,115
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Certificates of Participation		(500,000)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,555,843
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,146,513)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		(9,163)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		527,344
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	61,012	
Vacations Payable	<u>14,066</u>	<u>75,078</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>2,995,730</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property and Other Local Taxes	\$ 6,375,863	\$ 8,812,721	\$ 8,812,721	\$ 0
Intergovernmental	10,085,836	12,186,992	12,186,992	0
Investment Income	2,570	3,119	3,119	0
Tuition and Fees	822,689	823,336	823,336	0
Rentals	55,843	18,852	18,852	0
Charges for Services	3,738	2,170	2,170	0
Contributions and Donations	29,532	91,935	91,935	0
Revenue in Lieu of Taxes	1,222,135	1,300,375	1,300,375	0
Miscellaneous	0	15,136	15,136	0
<i>Total Revenues</i>	<u>18,598,206</u>	<u>23,254,636</u>	<u>23,254,636</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	9,178,240	8,889,213	8,877,576	11,637
Special	2,534,678	2,902,005	2,900,355	1,650
Vocational	222,970	200,500	200,301	199
Student Intervention Services	12,873	11,992	11,992	0
Other	420,064	420,423	420,423	0
Support Services:				
Pupils	1,717,389	1,559,700	1,558,199	1,501
Instructional Staff	316,087	369,474	369,429	45
Board of Education	21,648	14,334	14,334	0
Administration	1,773,131	1,728,665	1,727,591	1,074
Fiscal	614,697	572,169	571,921	248
Business	68,910	83,283	83,283	0
Operation and Maintenance of Plant	1,622,123	2,025,559	2,024,502	1,057
Pupil Transportation	1,519,786	1,496,278	1,493,073	3,205
Central	90,758	78,699	78,699	0
Extracurricular Activities	447,252	471,752	471,703	49
Operation of Non-Instructional Services:				
Community Services	4,094	962	962	0
Capital Outlay	7,139	690,090	690,090	0
Debt Service:				
Principal Retirement	91,669	199,115	199,115	0
Interest and Fiscal Charges	11,831	10,399	10,399	0
<i>Total Expenditures</i>	<u>20,675,339</u>	<u>21,724,612</u>	<u>21,703,947</u>	<u>20,665</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,077,133)</u>	<u>1,530,024</u>	<u>1,550,689</u>	<u>20,665</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	11,055	11,055	0
Refund of Prior Year Expenditures	41,835	122,777	126,239	3,462
Advances In	552,959	2,472,317	2,472,317	0
Advances Out	0	(2,557,943)	(2,557,943)	0
Transfers Out	(224,743)	(142,204)	(142,204)	0
<i>Total Other Financing Sources (Uses)</i>	<u>370,051</u>	<u>(93,998)</u>	<u>(90,536)</u>	<u>3,462</u>
<i>Net Change in Fund Balance</i>	<u>(1,707,082)</u>	<u>1,436,026</u>	<u>1,460,153</u>	<u>24,127</u>
<i>Fund Balance Beginning of Year</i>	<u>3,977,805</u>	<u>3,977,805</u>	<u>3,977,805</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>357,232</u>	<u>357,232</u>	<u>357,232</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,627,955</u>	<u>\$ 5,771,063</u>	<u>\$ 5,795,190</u>	<u>\$ 24,127</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2015

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	\$ 2,966,296
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	188,204
Unearned Revenue	360,159
<i>Total Current Liabilities</i>	548,363
Net Position	
Unrestricted	\$ 2,417,933

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
<hr style="border-top: 3px double #000;"/>	
Operating Revenues	
Charges for Services	\$ 3,835,874
Other	292,134
<i>Total Operating Revenues</i>	4,128,008
 Operating Expenses	
Purchased Services	218,694
Claims	3,411,434
<i>Total Operating Expenses</i>	3,630,128
 <i>Operating Income (Loss)</i>	497,880
 Non-Operating Revenues (Expenses)	
Interest	29,464
 <i>Change in Net Position</i>	527,344
 <i>Net Position Beginning of Year</i>	1,890,589
 <i>Net Position End of Year</i>	\$ 2,417,933

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,836,876
Other Cash Receipts	292,134
Cash Paid for Goods and Services	(218,694)
Cash Paid for Claims	(3,684,232)
<i>Net Cash Provided By (Used For) Operating Activities</i>	226,084
Cash Flows From Investing Activities	
Interest on Investments	29,464
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	255,548
<i>Cash and Cash Equivalents, Beginning of Year</i>	2,710,748
<i>Cash and Cash Equivalents, End of Year</i>	\$ 2,966,296
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 497,880
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Claims Payable	(272,798)
Unearned Revenue	1,002
<i>Total Adjustments</i>	(271,796)
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ 226,084

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 51,004	\$ 69,578
Liabilities		
Accounts Payable	0	\$ 6,009
Due to Students	0	63,569
<i>Total Liabilities</i>	0	\$ 69,578
Net Position		
Held in Trust for Scholarships	\$ 51,004	

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	<u>\$ 20,626</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>20,000</u>
<i>Change in Net Position</i>	626
<i>Net Position Beginning of Year</i>	<u>50,378</u>
<i>Net Position End of Year</i>	<u><u>\$ 51,004</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 - Description of the School District and Reporting Entity

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

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

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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

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

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

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

C. Measurement Focus

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

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

D. Basis of Accounting

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10).

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2015, investments were limited to STAR Ohio, STAR Plus and a Money Market Account Extra (MMAX).

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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 Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2015.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$3,119, which includes \$162 assigned from other School District funds.

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

G. Capital Assets

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

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

H. Compensated Absences

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

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

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

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

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Interfund Balances

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

L. Fund Balance

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

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

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

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

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2015, there was no net position restricted by enabling legislation.

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

N. Interfund Activity

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

O. Operating Revenues and Expenses

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

Q. Estimates

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

R. Implementation of New Accounting Policies and Restatement of Net Position/Fund Balance

For the fiscal year ended June 30, 2015, the School District has implemented Governmental Accounting Standards Board (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 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the full-accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

Restatement of Fund Balance/Net Position

For fiscal year ended June 30, 2015, it was determined the property tax amount available for advance was overstated in prior years. The impact on net position previously reported is below.

	Governmental Activities
Net Position, June 30, 2014	\$ 13,369,489
Adjustments:	
Deferred Inflows - Property Taxes	(1,592,640)
Subtotal	11,776,849
GASB 68/71 Adjustments:	
Net Pension Liability	(28,002,675)
Deferred Outflow - Payments Subsequent to Measurement Date	1,541,938
Restated Net Position, July 1, 2014	\$ (14,683,888)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

The impact on fund balance previously reported is below.

	General Fund
Fund Balances, June 30 ,2014	\$ 4,775,566
Adjustments:	
Deferred Inflows-Property Taxes	(1,592,640)
Restated Fund Balances, July 1, 2014	\$ 3,182,926

Note 3 – Accountability

Fund balances at June 30, 2015 included the following individual fund deficits:

<i>Non-Major Governmental Funds:</i>	
Food Service	\$ 62,679
Straight A	15,982
Preschool	1,255
IDEA-B	5,665
Title II A	9,090

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

Note 4 - Budgetary Basis of Accounting

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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

GAAP Basis	\$ 2,703,775
Net Adjustment for Revenue Accruals	2,503,876
Net Adjustment for Expenditure Accruals	(2,824,268)
Funds Budgeted Elsewhere	1,662
Adjustment for Encumbrances	<u>(924,892)</u>
Budget Basis	<u>\$ 1,460,153</u>

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

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2015, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

At fiscal year-end, the carrying amount of the School District's deposits was \$7,170,295. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, \$5,832,078 of the School District's bank balance of \$7,839,238 was exposed to custodial risk as discussed below, while \$2,007,160 was covered by the Federal Deposit Insurance Corporation (FDIC), which includes \$1,004,699 held in a STAR Plus account.

Investments

As of June 30, 2015, the School District had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity 3 Months or Less
STAR Ohio	\$ 10,070	\$ 10,070

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

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

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days and carries a rating of AAAM by Standard and Poor's.

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

Investment Type	Fair Value	Percent of Total
STAR Ohio	\$ 10,070	100.00%

Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$2,966,296. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Carroll County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 in the general fund was \$280,170. The amount available for advance at June 30, 2014, in the general fund was \$266,350. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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
Real Estate	\$ 329,455,440	88.85%	\$ 430,140,170	87.22%
Public Utility Personal Property	41,363,080	11.15%	63,019,400	12.78%
Total Assessed Values	<u>\$ 370,818,520</u>	<u>100.00%</u>	<u>\$ 493,159,570</u>	<u>100.00%</u>
Full Tax rate per \$1,000 of assessed valuation	<u>\$ 29.40</u>		<u>\$ 29.40</u>	

Note 7 - Receivables

Receivables at June 30, 2015 consisted of property taxes, revenue in lieu of taxes, accounts (rent, student fees and tuition), interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

In fiscal year 2015, an enterprise zone agreement was entered into between Carroll County Energy, LLC, Carroll County, Washington Township, and the School District to provide Carroll County Energy with a 15-year, 100 percent property tax exemption for the increase in the assessed value of real property and for new personal property created due to the construction of a new electric generating facility. In return for real property and personal property tax exemptions provided under the agreement, Carroll County Energy will provide annual compensation to the School District in the amount of \$1,300,375. The receivable has been recorded in the general fund for the amount the School District will receive in the subsequent fiscal year.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance 06/30/2014	Additions	Deletions	Balance 06/30/2015
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 112,325	\$ 0	\$ 0	\$ 112,325
Construction in Progress	1,873,689	936,315	(1,810,004)	1,000,000
<i>Total Capital Assets not being Depreciated</i>	1,986,014	936,315	(1,810,004)	1,112,325
<i>Capital Assets being depreciated</i>				
Land Improvements	1,247,450	543,500	(23,966)	1,766,984
Buildings and Building Improvements	6,971,964	945,846	(409,498)	7,508,312
Improvements Other Than Buildings	171,056	0	0	171,056
Furniture and Fixtures	185,171	90,180	0	275,351
Machinery and Equipment	1,459,559	387,998	(13,221)	1,834,336
Vehicles	2,312,791	0	0	2,312,791
<i>Total Capital Assets Being Depreciated</i>	12,347,991	1,967,524	(446,685)	13,868,830
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(789,630)	(88,485)	21,569	(856,546)
Buildings and Building Improvements	(4,082,677)	(119,769)	368,548	(3,833,898)
Improvements Other Than Buildings	(84,903)	(4,695)	0	(89,598)
Furniture and Fixtures	(109,575)	(12,853)	0	(122,428)
Machinery and Equipment	(898,299)	(71,950)	3,239	(967,010)
Vehicles	(1,577,516)	(115,664)	0	(1,693,180)
<i>Total Accumulated Depreciation</i>	(7,542,600)	(413,416) *	393,356	(7,562,660)
<i>Total Capital Assets Being Depreciated, Net</i>	4,805,391	1,554,108	(53,329)	6,306,170
<i>Governmental Activities Capital Assets, Net</i>	\$ 6,791,405	\$ 2,490,423	\$ (1,863,333)	\$ 7,418,495

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 74,771
Special	7,215
Vocational	619
Support Services:	
Pupils	10,149
Instructional Staff	3,412
Administration	499
Fiscal	849
Business	1,132
Operation and Maintenance of Plant	87,110
Pupil Transportation	126,076
Operation of Non-Instructional Services:	
Food Service Operations	8,524
Community Services	1,571
Public School Support	2,012
Extracurricular Activities	89,477
<i>Total Depreciation</i>	<i>\$ 413,416</i>

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the School District contracted with the Schools of Ohio Risk Sharing Authority for property and liability insurance coverage as follows:

Coverage	Amount
General Liability:	
Occurrence	\$ 2,000,000
Aggregate	5,000,000
Buildings and Contents	41,126,750
Steam Boiler	50,000,000
Automobile Liability	2,000,000
Excess Liability	10,000,000

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

B. Employee Medical Benefits

Medical, surgical and dental insurance is offered to all employees through a self insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$435,359 reported in the internal service fund at June 30, 2015, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2015 and 2014 are as follows:

		<u>Balance</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claims</u> <u>Payments</u>		<u>Balance</u> <u>End of Year</u>
2014	\$	497,506	\$	3,858,070	\$	3,894,574	\$	461,002
2015	\$	461,002	\$	3,411,434	\$	3,684,232	\$	188,204

Note 10 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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.

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.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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 School District's contractually required contribution to SERS was \$406,875 for fiscal year 2015. Of this amount \$76,447 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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 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 bearing the risk of investment gain or loss on the account. STRS 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 School 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 School District's contractually required contribution to STRS was \$1,148,968 for fiscal year 2015. Of this amount \$190,352 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 19,365,753	\$ 4,199,368	\$ 23,565,121
Proportion of the Net Pension Liability	0.07961759%	0.08297600%	
Pension Expense	\$ 835,062	\$ 311,451	\$ 1,146,513

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 186,437	\$ 35,741	\$ 222,178
School District contributions subsequent to the measurement date	1,148,968	406,875	1,555,843
Total Deferred Outflows of Resources	\$ 1,335,405	\$ 442,616	\$ 1,778,021
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 3,582,738	\$ 681,569	\$ 4,264,307

\$1,555,843 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2016	\$ (849,075)	\$ (161,457)	\$ (1,010,532)
2017	(849,075)	(161,457)	(1,010,532)
2018	(849,075)	(161,457)	(1,010,532)
2019	(849,076)	(161,457)	(1,010,533)
	\$ (3,396,301)	\$ (645,828)	\$ (4,042,129)

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 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.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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	15.00	7.50
Total	<u>100.00 %</u>	

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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 School 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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 5,991,250	\$ 4,199,368	\$ 2,692,240

Actuarial Assumptions - STRS

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.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

The 10 year expected real rate of return on pension plan investments was determined by STRS' 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	1.00	3.00
Total	100.00 %	

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' 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School 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 School 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>
School District's proportionate share of the net pension liability	\$ 27,724,187	\$ 19,365,753	\$ 12,297,331

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were \$67,655, \$43,745 and \$42,537, respectively. For fiscal year 2015, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy - Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$81,526, and \$80,813, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

Note 12 - Other Employee Benefits

A. Compensated Absences

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

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

B. Life Insurance

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

Note 13 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2015 were as follows:

	Restated Outstanding 06/30/2014	Additions	Deductions	Outstanding 06/30/2015	Amounts Due Within One Year
Governmental Activities					
School Energy Conservation Improvement Bond	\$ 382,464	\$ 0	\$ (60,571)	\$ 321,893	\$ 61,806
Certificates of Participation, Series 2014	0	500,000	(105,609)	394,391	94,270
Net Pension Liability					
SERS	4,934,316	0	(734,948)	4,199,368	0
STRS	23,068,359	0	(3,702,606)	19,365,753	0
Total Net Pension Liability	<u>28,002,675</u>	<u>0</u>	<u>(4,437,554)</u>	<u>23,565,121</u>	<u>0</u>
Compensated Absences	1,277,144	56,362	(117,374)	1,216,132	116,104
Capital Lease Payable	67,119	0	(32,935)	34,184	34,184
Total Governmental Activities Long-Term Obligations	<u>\$ 29,729,402</u>	<u>\$ 556,362</u>	<u>\$ (4,754,043)</u>	<u>\$ 25,531,721</u>	<u>\$ 306,364</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

School Energy Conservation Improvement Bonds

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

Certificates of Participation

On September 19, 2014, the School District entered into a ground lease agreement with the Ohio Governmental Development Leasing Corporation (the "Corporation") whereas the School District leases a parcel of land to the Corporation, and subsequently makes improvements to the land, and the Corporation, in turn, subleases the land, and leases the land improvements to the School District.

On September 19, 2014, the School District issued \$500,000 in certificates of participation for the purpose of school facilities construction in the Ohio School Facilities Commission program. The maturity date for the certificates is October 1, 2018 with an interest rate of 3.00 percent. The proceeds of the certificates issued were reported in the building fund.

The Certificates of Participation evidence a proportionate interest in the base rent to be paid by the School District under the ground lease agreement. Base rent payments will be recorded as expenditures in the general fund. The payments in the amortization table below represent the future base rent payments for the certificates of participation.

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

The School District pays obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to retire the School Energy Conservation Improvement Bonds and the Certificates of Participation outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	H.B. 264 Loan		Certificate of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 61,806	\$ 5,932	\$ 94,270	\$ 11,832	\$ 156,076	\$ 17,764
2017	63,067	4,672	97,098	9,004	160,165	13,676
2018	64,352	3,386	100,011	6,091	164,363	9,477
2019	65,664	2,074	103,012	3,090	168,676	5,164
2020	67,004	735	0	0	67,004	735
	<u>\$ 321,893</u>	<u>\$ 16,799</u>	<u>\$ 394,391</u>	<u>\$ 30,017</u>	<u>\$ 716,284</u>	<u>\$ 46,816</u>

Note 14 – Capitalized Lease

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

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

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for governmental funds. During fiscal year 2015, total lease payments of \$35,150 were made from the general fund.

The following is a schedule of the future long term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2015:

	Copiers
Fiscal year ending June 30, 2016	\$ 35,150
Less amount representing interest	966
Present value of minimum lease payments	\$ 34,184

Note 15 – Fund Balance

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

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

	General	Other Governmental Funds	Total
Restricted for:			
Capital Outlay	\$ 1,300,375	\$ 97,525	\$ 1,397,900
Extracurricular Activities	0	50,559	50,559
Other Purposes	0	14,425	14,425
Total Restricted	1,300,375	162,509	1,462,884
Committed for:			
Capital Outlay	550,817	0	550,817
Assigned for:			
Encumbrances:			
Instruction	153,543	0	153,543
Support Services	210,340	0	210,340
Operation of Non-Instructional Services	377	0	377
Subsequent Year Appropriations	435,671	0	435,671
Total Assigned	799,931	0	799,931
Unassigned	3,235,578	(94,671)	3,140,907
<i>Total Fund Balance (Deficit)</i>	\$ 5,886,701	\$ 67,838	\$ 5,954,539

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Note 16 – Interfund Activity

A. Interfund Balances

As of June 30, 2015, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

Fund:	Receivable	Payable
General	\$ 803,293	\$ 0
<i>Other Governmental:</i>		
Straight A Grant	0	50,444
Title VI-B	0	267,604
Title I	0	392,220
HC Preschool	0	12,182
Title II-A	0	80,843
Totals	\$ 803,293	\$ 803,293

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the Statement of Net Position.

B. Interfund Transfers

During the fiscal year, the general fund transferred \$20,000 to the turf project fund to provide for additional resources for the construction project, and \$122,204 to the food service fund to provide additional resources for current operations.

Note 17 - Jointly Governed Organization

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Don Donahue, who serves as Treasurer, Steubenville, Ohio 43952. The School District paid \$119,644 to OME-RESA in fiscal year 2015.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

Note 18 - Set-Asides

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

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2014	\$ 0
Current Year Set-aside Requirement	378,622
Current Year Qualifying Disbursements	(481,886)
Totals	\$ (103,264)
Balance Carried Forward to Fiscal Year 2016	\$ 0
Set-aside Restricted Balance as of June 30, 2015	\$ 0

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

Note 19 – Contingencies and Commitments

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015

C. Encumbrance Commitments

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

Fund	Amount
General	\$ 915,077
Nonmajor Governmental	159,942
	\$ 1,075,019

D. Contractual Commitments

As of June 30, 2015 the School District had the following contractual commitment:

Project	Contractual Commitment	Expended	Balance 6/30/2015
Fueling Station	\$ 1,685,279	\$ 1,120,626	\$ 564,653

E. School District Funding

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 districts, 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 a receivable to or liability of the School District.

Carrollton Exempted Village School District
Carroll County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
<i>State Teachers Retirement System (STRS)</i>		
School District's proportion of the net pension liability (asset)	0.07961759%	0.07961759%
School District's proportionate share of the net pension liability (asset)	\$ 19,365,753	\$ 23,068,359
School District's covered-employee payroll	\$ 8,779,746	\$ 8,702,962
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	220.57%	265.06%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%
<i>School Employees Retirement System (SERS)</i>		
School District's proportion of the net pension liability (asset)	0.08297600%	0.08297600%
School District's proportionate share of the net pension liability (asset)	\$ 4,199,368	\$ 4,934,316
School District's covered-employee payroll	\$ 2,890,123	\$ 2,990,520
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	145.30%	165.00%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.

Carrollton Exempted Village School District
Carroll County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,148,968	\$ 1,141,367	\$ 1,131,385	\$ 1,132,478
Contributions in Relation to the Contractually Required Contribution	<u>(1,148,968)</u>	<u>(1,141,367)</u>	<u>(1,131,385)</u>	<u>(1,132,478)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's covered-employee payroll	\$ 8,206,914	\$ 8,779,746	\$ 8,702,962	\$ 8,711,369
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%
 <i>School Employees Retirement System (SERS)</i>				
Contractually required contribution	\$ 406,875	\$ 400,571	\$ 413,888	\$ 399,181
Contributions in relation to the contractually required contribution	<u>(406,875)</u>	<u>(400,571)</u>	<u>(413,888)</u>	<u>(399,181)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's covered-employee payroll	\$ 3,087,064	\$ 2,890,123	\$ 2,990,520	\$ 2,967,888
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

n/a - Information prior to 2008 is not available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,171,783	\$ 1,116,808	\$ 1,046,522	\$ 1,325,568	\$ 1,331,805	\$ 1,315,308
<u>(1,171,783)</u>	<u>(1,116,808)</u>	<u>(1,046,522)</u>	<u>(1,325,568)</u>	<u>(1,331,805)</u>	<u>(1,315,308)</u>
<u>\$ 0</u>					
\$ 9,013,715	\$ 8,590,831	\$ 8,050,169	\$ 10,196,677	\$ 10,244,654	\$ 10,117,754
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 328,613	\$ 400,806	\$ 295,453	\$ 433,806	n/a	n/a
<u>(328,613)</u>	<u>(400,806)</u>	<u>(295,453)</u>	<u>(433,806)</u>	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a
\$ 2,614,264	\$ 2,960,162	\$ 3,002,571	\$ 4,417,576	n/a	n/a
12.57%	13.54%	9.84%	9.82%	n/a	n/a

December 18, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio (the "School District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 18, 2015, in which we noted the School District restated net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* and to account for the incorrect determination of the property tax amount available for advance in prior years.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

New Philadelphia, Ohio

December 18, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited Carrollton Exempted Village School District's, Carroll County, Ohio (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Carrollton Exempted Village School District, Carroll County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School District's internal control over compliance.

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

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

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

Hea & Associates, Inc.

New Philadelphia, Ohio

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	CFDA Number	Federal Receipts	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014	84.010	\$ 136,263	\$ 93,452
Title I Grants to Local Educational Agencies	2015	84.010	272,321	563,506
Total Title I Grants to Local Educational Agencies			408,584	656,958
<i>Special Education Cluster:</i>				
Title VI-B	2014	84.027	79,399	56,141
Title VI-B	2015	84.027	200,084	417,553
Total Title VI-B			279,483	473,694
Early Childhood Special Education	2014	84.173	4,384	2,923
Early Childhood Special Education	2015	84.173	13,395	23,138
Total Early Childhood Special Education			17,779	26,061
<i>Total Special Education Cluster</i>			297,262	499,755
Title II-A - Improving Teacher Quality	2014	84.367	21,475	15,349
Title II-A - Improving Teacher Quality	2015	84.367	53,135	129,396
Total Title II-A - Improving Teacher Quality			74,610	144,745
Total U.S. Department of Education			780,456	1,301,458
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	2015	10.555	38,204	38,204
<i>Cash Assistance:</i>				
National School Lunch Program	2015	10.555	325,021	325,021
School Breakfast Program	2015	10.553	105,466	105,466
<i>Cash Assistance Subtotal</i>			430,487	430,487
<i>Total Child Nutrition Cluster</i>			468,691	468,691
Total U.S. Department of Agriculture			468,691	468,691
TOTAL FEDERAL ASSISTANCE			\$ 1,249,147	\$ 1,770,149

See accompanying notes to the Schedule of Expenditures of Federal Awards

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Note A – Significant Accounting Policies

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

Note B – Child Nutrition Cluster

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

Note C – Food Donation Program

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

Note D – Ohio Bureau of Workers' Compensation Rebate

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. In 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate to 3,800 local governments and 184,000 private sector employers paying into Ohio's workers' compensation system. Each employer's rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the School District allocated its BWC rebate back to all funds, including federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to federal programs is reflected on the School District's *Schedule of Expenditures of Federal Awards*.

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY, OHIO
SCHEDULE OF FINDINGS & QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .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 weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Nutrition Cluster: School Breakfast Program National School Lunch Program	CFDA # 10.553 CFDA # 10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

SCHEDULE OF FINDINGS & QUESTIONED COSTS

OMB CIRCULAR A-133, SECTION .505

JUNE 30, 2015

(Continued)

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

CARROLL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2016**