



Dave Yost • Auditor of State



**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

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PERRY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Crooksville Exempted Village School District  
Perry County  
4065 School Drive  
Crooksville, Ohio 43731

To the Board of Education:

### ***Report on the Financial Statements***

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

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

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

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

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

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

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

### ***Opinion***

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

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 15, 2016

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# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

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

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2015 are as follows:

- ❑ Net position increased \$355,826, or 5.6% from 2014.
- ❑ General revenues accounted for \$10,264,073 in revenue or 75.4% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,349,584 or 24.6% of total revenues of \$13,613,657.
- ❑ The District had \$13,257,831 in expenses related to governmental activities; only \$3,349,584 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,264,073 were not adequate to provide for these programs.
- ❑ The District's General Fund had \$11,253,960 in revenues and \$10,519,220 in expenditures. The General Fund's fund balance increased \$734,740 to a balance of \$933,885.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

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## **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net-position (the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category of its activities:

*Governmental Activities* – The District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

***Governmental Funds*** – The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 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.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

***Fiduciary Funds*** – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The following table provides a summary of the District's net position for 2015 and 2014.

	Governmental Activities		Increase (Decrease)
	2015	Restated 2014	
Current and other assets	\$4,919,785	\$4,528,042	\$391,743
Capital assets, Net	7,818,228	8,269,431	(451,203)
Total assets	12,738,013	12,797,473	(59,460)
Deferred Outflows of Resources	984,294	745,308	238,986
Net pension liability	12,916,031	15,351,981	(2,435,950)
Other long-term liabilities	1,545,713	1,537,601	8,112
Other liabilities	1,104,542	1,188,578	(84,036)
Total liabilities	15,566,286	18,078,160	(2,511,874)
Deferred Inflows of Resources	4,114,049	1,778,475	2,335,574
Net position:			
Net investment in capital assets	6,888,228	7,270,063	(381,835)
Restricted	821,524	1,151,578	(330,054)
Unrestricted	(13,667,780)	(14,735,495)	1,067,715
Total net position	(\$5,958,028)	(\$6,313,854)	\$355,826

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## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

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During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68" 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 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 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 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.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

In accordance with GASB 68, the 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.

As a result of implementing GASB 68, the 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 \$8,292,819 to a deficit of \$6,313,854 in governmental activities.

**Changes in Net Position** – The following table shows the changes in net position for the fiscal year 2015 and 2014.

	Governmental Activities		Increase (Decrease)
	2015	2014	
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,314,167	\$1,121,400	\$192,767
Operating Grants and Contributions	2,035,417	2,576,138	(540,721)
General revenues:			
Property Taxes	1,796,938	1,572,288	224,650
Grants and Entitlements	8,386,843	7,665,722	721,121
Other	80,292	104,993	(24,701)
Total revenues	<u>13,613,657</u>	<u>13,040,541</u>	<u>573,116</u>
Program Expenses			
Instruction	7,871,319	7,735,136	136,183
Support Services:			
Pupils	375,421	551,075	(175,654)
Instructional Staff	683,494	569,592	113,902
Board of Education	58,923	71,365	(12,442)
Administration	1,129,247	1,061,355	67,892
Fiscal Services	280,309	283,889	(3,580)
Operation and Maintenance of Plant	1,039,788	1,033,067	6,721
Pupil Transportation	696,499	793,148	(96,649)
Central	1,296	0	1,296
Operation of Non-Instructional Services	605,637	560,208	45,429
Extracurricular Activities	445,581	470,816	(25,235)
Interest and Fiscal Charges	70,317	97,414	(27,097)
Total expenses	<u>13,257,831</u>	<u>13,227,065</u>	<u>30,766</u>
Total Change in Net Position	355,826	(186,524)	542,350
Beginning Net Position, Restated	<u>(6,313,854)</u>	N/A	N/A
Ending Net Position	<u><u>(\$5,958,028)</u></u>	<u><u>(\$6,313,854)</u></u>	<u><u>\$355,826</u></u>

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

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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 \$745,308 for Governmental Activities 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 \$529,823. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities
Total 2015 program expenses under GASB 68	\$13,257,831
Pension expense under GASB 68	(529,823)
2015 contractually required contribution	862,260
Adjusted 2015 program expenses	13,590,268
Total 2014 program expenses under GASB 27	13,227,065
Increase in program expenses not related to pension	\$363,203

### ***Governmental Activities***

Net position of the District's governmental activities increased by \$355,826.

In 2015, revenues increased \$573,116 while expenditures remained relatively flat in fiscal year 2015. Increases in property taxes and grants and entitlements (program revenues and general revenues) accounted for the majority of the increase.

Total expenses showed an increase of only \$30,766. Expense levels varied amongst functions: Instruction and Support Service - Staff expenses increased \$136,183 and \$113,902, respectively, while Support Service – Pupils and Transportation decreased by \$175,654 and \$96,649, respectively.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

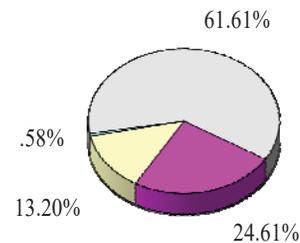
## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

Property taxes made up 13.20% of revenues for governmental activities for Crooksville Exempted Village Schools in fiscal year 2015. The District's reliance upon grant revenues is demonstrated by the following graph:

Revenue Sources	2015	Percent of Total
General Grants	\$8,386,843	61.61%
Program Revenues	3,349,584	24.61%
General Tax Revenues	1,796,938	13.20%
General Other	80,292	0.58%
Total Revenue	<u><u>\$13,613,657</u></u>	<u><u>100.00%</u></u>



### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$1,733,690 which is more than last year's balance of \$969,140. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$933,885	\$199,145	\$734,740
Bond Retirement	715,724	685,244	30,480
Other Governmental	84,081	84,751	(670)
Total	<u><u>\$1,733,690</u></u>	<u><u>\$969,140</u></u>	<u><u>\$764,550</u></u>

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**Unaudited**

*General Fund* –The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$1,559,006	\$1,420,194	\$138,812
Tuition	1,105,071	818,384	286,687
Investment Earnings	5,308	4,431	877
Extracurricular Activities	12,915	20,965	(8,050)
Class Materials and Fees	270	244	26
Intergovernmental - State	8,427,483	7,648,850	778,633
Intergovernmental - Federal	69,544	20,114	49,430
All Other Revenue	74,363	75,262	(899)
<b>Total</b>	<b>\$11,253,960</b>	<b>\$10,008,444</b>	<b>\$1,245,516</b>

The General Fund revenues increased 12.4% in 2015. A \$778,633 increase in state revenues accounted for the majority of the increase. Tuition paid by other districts for Open Enrollment also increased \$286,687. Overall, total revenues increased by \$1,245,516.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Instruction	\$6,134,538	\$5,797,030	\$337,508
Supporting Services:			
Pupils	351,090	378,978	(27,888)
Instructional Staff	550,294	374,172	176,122
Board of Education	58,923	71,365	(12,442)
Administration	1,135,161	942,787	192,374
Fiscal Services	283,396	290,683	(7,287)
Operation & Maintenance of Plant	953,050	940,982	12,068
Pupil Transportation	679,130	742,529	(63,399)
Central	1,296	0	1,296
Extracurricular Activities	255,070	227,630	27,440
Capital Outlay	47,500	23,000	24,500
Debt Service			
Principal Retirement	55,000	84,024	(29,024)
Interest and Fiscal Charges	14,772	16,655	(1,883)
<b>Total</b>	<b>\$10,519,220</b>	<b>\$9,889,835</b>	<b>\$629,385</b>

The expenditures increased by \$629,385 or 6.4% compared to the prior year mostly due to increased instruction, administrative and instructional staff expenditures.

Bond Retirement Fund – The fund increased due to revenues continuing to outpace expenditures. The district is anticipating that as the bonds are nearing retirement and the surplus remains in the fund, the Perry County Auditor will continue to decrease from the current 1 mil to avoid excess collections.

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

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

During the course of fiscal year 2015 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was increased \$316,358 from original budget estimates of \$10.9 million to account for higher State funding, tuition and tax receipts. The General Fund had an adequate fund balance to cover expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

At the end of fiscal year 2015 the District had \$7,818,228 net of accumulated depreciation invested in land, buildings, machinery, equipment and vehicles. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$98,680	\$98,680	\$0
Land Improvements	662,186	645,043	17,143
Buildings and Improvements	17,194,148	17,175,692	18,456
Machinery/Equipment and Furniture/Fixtures	2,238,751	2,129,974	108,777
Vehicles	846,663	846,663	0
Less: Accumulated Depreciation	(13,222,200)	(12,626,621)	(595,579)
Totals	\$7,818,228	\$8,269,431	(\$451,203)

Additional information on the District's capital assets can be found in Note 9.

#### ***Debt***

At June 30, 2015, the District had \$930,000 in bonds outstanding, \$70,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2015:

	2015	2014
General Obligation Bonds:		
Classroom Facilities	\$0	\$4,368
General Bond	110,000	145,000
Refunding Bond	580,000	590,000
Energy Conservation Bond	240,000	260,000
Total General Obligation Bond	930,000	999,368
Net Pension Liability	12,916,031	15,351,981
Compensated Absences	615,713	538,233
Totals	\$14,461,744	\$16,889,582

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015***

***Unaudited***

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Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2015, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

### **ECONOMIC FACTORS**

At Crooksville Exempted Village Schools, we have been working hard to make positive changes in our programs. We have been making changes and receiving positive feedback. Crooksville Exempted Village School District staff members continue to actively pursue grant opportunities, professional development and the gathering of assessment data on each and every student. All of these efforts focus on improving student performance and reducing district expenses.

At a time when state and federal mandates are increasing, the state and federal governments had continued to make financial cuts to school districts and local entities. However, beginning with fiscal year 2015, the 2015-2016 State of Ohio biennial budget included significant increased funding for education, and the funding formula benefitted Crooksville Schools. This increase will aid the district's financial position in the next two to three years. However, enrollment is expected to decline in the coming years as a result of census data calculations, and as property values increase due to reevaluations, the district will become relatively wealthier within the state and the increases in funding formula recognized in fiscal years 2015 and 2016, will decline significantly.

As a result of operational costs increasing at a higher rate than revenues for many years and the fact that Crooksville Exempted Village School District has not approved an operating levy since 1979, prior to 2015, the district's spending each of the last eleven fiscal years had exceeded the revenues from state, local and federal programs. Thanks to fiscal responsibility of the district, increased open enrollment dollars, and grants in aid, the district has managed to stay in the black on a cash basis; and is now positive in fiscal year 2015 on a GAAP basis.

Each October, the district is responsible for filing with the Ohio Department of Education a five year forecast of funding. This forecast is based on predictions and assumptions relating to the school district's expenditures and funding sources for the General Fund. The new state fiscal year 2016 funding formula provided Crooksville Exempted Village School District with approximately \$9,163,006 in State Grants-in-Aid in fiscal year 2016, up 11.2% from fiscal year 2015, and will provide \$8,982,742 in fiscal year 2017, down 2% from fiscal year 2016. 76% of General Fund revenues come from state grants-in-aid, up from 73% in fiscal year 2015. The remaining 24% provided by local operating levies, taxes and miscellaneous revenues. The district is projected to receive approximately \$55,000 in fiscal year 2016 from Ohio's Casino Tax. As one can see, the district is heavily dependent upon the state foundation program and federal dollars for operating the district. The state foundation program is slated for another revision in fiscal year 2018 and the district will once again work with the State Legislature to try and express the need for increased share of state funding in rural low-wealth districts, like Crooksville. The Crooksville Exempted Village School District, Board of Education and administration will continue to closely monitor spending and revenues to make the necessary decisions ensuring that the district remains fiscally sound.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Ogg, Jr., CPA, Treasurer of Crooksville Exempted Village School District.

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# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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## ***Statement of Net Position*** ***June 30, 2015***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,364,442
Receivables:	
Taxes	2,189,982
Intergovernmental	190,266
Inventory of Supplies at Cost	1,494
Prepaid Items	152,142
Restricted Assets:	
Cash and Cash Equivalents	21,459
Capital Assets Not Being Depreciated	98,680
Capital Assets Being Depreciated, Net	7,719,548
<b>Total Assets</b>	<b>12,738,013</b>
<b>Deferred Outflows of Resources:</b>	
Pension	984,294
<b>Liabilities:</b>	
Accounts Payable	48,502
Accrued Wages and Benefits	896,787
Intergovernmental Payable	124,951
Matured Bonds & Interest Payable	21,459
Accrued Interest Payable	12,843
Long Term Liabilities:	
Due Within One Year	91,772
Net Pension Liability	12,916,031
Other Amounts Due in More Than One Year	1,453,941
<b>Total Liabilities</b>	<b>15,566,286</b>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	1,771,550
Pension	2,342,499
<b>Total Deferred Inflows of Resources</b>	<b>4,114,049</b>
<b>Net Position:</b>	
Net Investment in Capital Assets	6,888,228
Restricted For:	
Capital Projects	88,949
Debt Service	732,575
Unrestricted (Deficit)	(13,667,780)
<b>Total Net Position</b>	<b>\$ (5,958,028)</b>

See accompanying notes to the basic financial statements

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

### **Statement of Activities For the Fiscal Year Ended June 30, 2015**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 7,871,319	\$ 1,105,341	\$ 1,308,609	\$ (5,457,369)
Support Services:				
Pupils	375,421	0	20,964	(354,457)
Instructional Staff	683,494	0	118,582	(564,912)
Board of Education	58,923	0	0	(58,923)
Administration	1,129,247	0	17,366	(1,111,881)
Fiscal Services	280,309	0	370	(279,939)
Operation and Maintenance of Plant	1,039,788	0	63,188	(976,600)
Pupil Transportation	696,499	0	18,773	(677,726)
Central	1,296	0	0	(1,296)
Operation of Non-Instructional Services	605,637	41,151	487,565	(76,921)
Extracurricular Activities	445,581	167,675	0	(277,906)
Interest and Fiscal Charges	70,317	0	0	(70,317)
<b>Totals</b>	<b>\$ 13,257,831</b>	<b>\$ 1,314,167</b>	<b>\$ 2,035,417</b>	<b>(9,908,247)</b>

#### **General Revenues**

##### Property Taxes Levied for:

General Purposes	1,597,013
Debt Service	117,183
Other Purposes	82,742
Grants and Entitlements not Restricted to Specific Programs	8,386,843
Investment Earnings	5,318
Miscellaneous	74,974
<b>Total General Revenues</b>	<b>10,264,073</b>
Change in Net Position	355,826
Net Position Beginning of Year, (Restated - See Note 2)	(6,313,854)
Net Position End of Year	<b>\$ (5,958,028)</b>

See accompanying notes to the basic financial statements

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

### ***Balance Sheet Governmental Funds June 30, 2015***

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,456,787	\$ 703,522	\$ 204,133	\$ 2,364,442
Receivables:				
Taxes	1,952,409	104,530	133,043	2,189,982
Intergovernmental	0	0	190,266	190,266
Interfund Loan Receivable	123,901	0	0	123,901
Inventory Held for Resale	0	0	1,494	1,494
Prepaid Items	139,211	0	12,931	152,142
Restricted Assets:				
Cash and Cash Equivalents	0	21,459	0	21,459
<b>Total Assets</b>	<b>\$ 3,672,308</b>	<b>\$ 829,511</b>	<b>\$ 541,867</b>	<b>\$ 5,043,686</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 42,024	\$ 0	\$ 6,478	\$ 48,502
Accrued Wages and Benefits	749,096	0	147,691	896,787
Intergovernmental Payable	103,436	0	21,515	124,951
Matured Bonds and Interest Payable	0	21,459	0	21,459
Interfund Loans Payable	0	0	123,901	123,901
<b>Total Liabilities</b>	<b>894,556</b>	<b>21,459</b>	<b>299,585</b>	<b>1,215,600</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	261,122	29,694	32,030	322,846
Property Tax Levy for Next Fiscal Year	1,582,745	62,634	126,171	1,771,550
<b>Total Deferred Inflows of Resources</b>	<b>1,843,867</b>	<b>92,328</b>	<b>158,201</b>	<b>2,094,396</b>
<b>Fund Balances:</b>				
Nonspendable	139,211	0	14,425	153,636
Restricted	0	715,724	148,107	863,831
Assigned	51,090	0	0	51,090
Unassigned	743,584	0	(78,451)	665,133
<b>Total Fund Balances</b>	<b>933,885</b>	<b>715,724</b>	<b>84,081</b>	<b>1,733,690</b>
<b>Total Liabilities, Deferred Inflows of Resources and Funds Balances</b>	<b>\$ 3,672,308</b>	<b>\$ 829,511</b>	<b>\$ 541,867</b>	<b>\$ 5,043,686</b>

See accompanying notes to the basic financial statements

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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### ***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2015***

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**Total Governmental Fund Balances** \$ 1,733,690

***Amounts reported for governmental activities in the  
statement of net position are different because***

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 7,818,228

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 322,846

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	984,294	
Deferred Inflows - Pension	(2,342,499)	
Net Pension Liability	<u>(12,916,031)</u>	
Total		(14,274,236)

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 Payable	(930,000)	
Compensated Absences Payable	(615,713)	
Accrued Interest Payable	<u>(12,843)</u>	(1,558,556)

***Net Position of Governmental Activities*** **\$ (5,958,028)**

See accompanying notes to the basic financial statements

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

### ***Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2015***

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,559,006	\$ 112,791	\$ 82,014	\$ 1,753,811
Tuition	1,105,071	0	0	1,105,071
Investment Earnings	5,308	0	10	5,318
Food Services	0	0	41,151	41,151
Extracurricular Activities	12,915	0	143,500	156,415
Class Materials and Fees	270	0	0	270
Intergovernmental - State	8,427,483	15,493	484,644	8,927,620
Intergovernmental - Federal	69,544	0	1,743,626	1,813,170
All Other Revenue	74,363	0	37,928	112,291
<b>Total Revenue</b>	<b>11,253,960</b>	<b>128,284</b>	<b>2,532,873</b>	<b>13,915,117</b>
<b>Expenditures:</b>				
Current:				
Instruction	6,134,538	0	1,439,052	7,573,590
Supporting Services:				
Pupils	351,090	0	29,568	380,658
Instructional Staff	550,294	0	142,130	692,424
Board of Education	58,923	0	0	58,923
Administration	1,135,161	0	17,318	1,152,479
Fiscal Services	283,396	2,334	2,359	288,089
Operation & Maintenance of Plant	953,050	0	98,698	1,051,748
Pupil Transportation	679,130	0	18,203	697,333
Central	1,296	0	0	1,296
Operation of Non-Instructional Services	0	0	600,630	600,630
Extracurricular Activities	255,070	0	184,310	439,380
Capital Outlay	47,500	0	0	47,500
Debt Service:				
Principal Retirement	55,000	14,368	0	69,368
Interest & Fiscal Charges	14,772	81,102	0	95,874
<b>Total Expenditures</b>	<b>10,519,220</b>	<b>97,804</b>	<b>2,532,268</b>	<b>13,149,292</b>
Net Change in Fund Balance	734,740	30,480	605	765,825
<b>Fund Balances at Beginning of Year</b>	<b>199,145</b>	<b>685,244</b>	<b>84,751</b>	<b>969,140</b>
Decrease in Inventory Reserve	0	0	(1,275)	(1,275)
<b>Fund Balances End of Year</b>	<b>\$ 933,885</b>	<b>\$ 715,724</b>	<b>\$ 84,081</b>	<b>\$ 1,733,690</b>

See accompanying notes to the basic financial statements

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***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***

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Net Change in Fund Balances - Total Governmental Funds \$ 765,825

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	Capital Outlay	166,966	
	Depreciation Expense	<u>(617,882)</u>	(450,916)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (287)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (301,460)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 862,260

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (529,823)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, has no effect on net position. 69,368

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 25,557

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

	Compensated Absences	(83,423)	
	Change in Inventory	<u>(1,275)</u>	<u>(84,698)</u>

***Change in Net Position of Governmental Activities*** **\$ 355,826**

See accompanying notes to the basic financial statements

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 1,701,191	\$ 1,505,364	\$ 1,488,697	\$ (16,667)
Tuition	1,052,663	1,096,100	1,105,211	9,111
Investment Earnings	5,056	4,000	5,308	1,308
Class Material and Fees	257	250	270	20
Intergovernmental - State	8,026,788	8,424,616	8,427,483	2,867
Intergovernmental - Federal	66,237	69,500	69,544	44
All Other Revenues	56,450	73,170	59,268	(13,902)
Total Revenues	<u>10,908,642</u>	<u>11,173,000</u>	<u>11,155,781</u>	<u>(17,219)</u>
<b>Expenditures:</b>				
Current:				
Instruction	5,840,590	6,226,463	6,154,905	71,558
Support Services:				
Pupils	381,770	355,728	350,998	4,730
Instructional Staff	480,233	525,447	553,289	(27,842)
Board of Education	90,030	72,280	65,942	6,338
Administration	1,019,628	1,108,128	1,127,849	(19,721)
Fiscal Services	298,177	289,677	286,416	3,261
Operation and Maintenance of Plant	969,598	981,574	988,269	(6,695)
Pupil Transportation	764,061	734,811	691,726	43,085
Central	1,411	1,411	1,296	115
Extracurricular Activities	220,061	223,568	223,661	(93)
Capital Outlay	23,000	47,500	47,500	0
Debt Service:				
Principal Retirement	50,000	55,000	55,000	0
Interest and Fiscal Charges	16,655	16,655	14,772	1,883
Total Expenditures	<u>10,155,214</u>	<u>10,638,242</u>	<u>10,561,623</u>	<u>76,619</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	753,428	534,758	594,158	59,400

(Continued)

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	2,000	2,000	0
Other Uses of Funds - Contingencies	(379,684)	(1,887)	0	1,887
Advances In	40,000	90,000	90,000	0
Advances Out	(60,000)	(115,000)	(115,000)	0
Refund of Prior Year's Receipts	(10,450)	(219)	(219)	0
Total Other Financing Sources (Uses):	<u>(410,134)</u>	<u>(25,106)</u>	<u>(23,219)</u>	<u>1,887</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	343,294	509,652	570,939	61,287
Fund Balance at Beginning of Year	729,341	729,341	729,341	0
Prior Year Encumbrances	105,349	105,349	105,349	0
Fund Balance at End of Year	<u>\$ 1,177,984</u>	<u>\$ 1,344,342</u>	<u>\$ 1,405,629</u>	<u>\$ 61,287</u>

See accompanying notes to the basic financial statements

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Statement of Net Position  
Fiduciary Funds  
June 30, 2015***

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	Private Purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 35,455	\$ 41,437
<b>Total Assets</b>	<u>35,455</u>	<u>41,437</u>
<b>Liabilities:</b>		
Due to Others	0	1,796
Due to Students	<u>0</u>	<u>39,641</u>
<b>Total Liabilities</b>	<u>0</u>	<u>41,437</u>
<b>Net Position:</b>		
Restricted for Scholarships	<u>35,455</u>	<u>0</u>
<b>Total Net Position</b>	<u>\$ 35,455</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Statement of Changes in Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2015***

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	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 5,812
Total Additions	<u>5,812</u>
<b>Deductions:</b>	
Administrative Expenses	<u>10,278</u>
Total Deductions	<u>10,278</u>
Change in Net Position	(4,466)
Net Position at Beginning of Year	<u>39,921</u>
Net Position End of Year	<u>\$ 35,455</u>

See accompanying notes to the basic financial statements

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Crooksville Exempted Village Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by 39 noncertified, 76 certified teaching personnel and 10 administrative employees providing education to 1,097 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units.

The District is a participant in three jointly governed organizations, the Licking Area Computer Association (LACA), the Mid-East Ohio Career Center and the Coalition of Rural and Appalachian Schools. See Note 14, "Jointly Governed Organizations." The District is also a participant in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program which is sponsored by the Ohio School Boards Association (OSBA), see Note 16.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

#### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the District:

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

***Governmental Funds*** - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

**Bond Retirement Fund** - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

##### **C. Basis of Presentation – Financial Statements**

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

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements (Continued)**

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund 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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees and interest on investments.

Current property taxes measurable at June 30, 2015, and which are not intended to finance fiscal 2015 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 30 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, agency funds and the private-purpose trust funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

***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.

Non-exchange transactions, in which the 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting** (Continued)

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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

#### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund and major special revenue funds are required to be reported. The primary level of budgetary control is at the fund level for all funds except for the General Fund which is at the object level. Budgetary modifications may only be made by resolution of the Board of Education.

##### **1. Tax Budget**

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

##### **2. Estimated Resources**

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during fiscal year 2015.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process** (Continued)

##### **3. Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the object level for the general fund and at the fund level for all other funds. The appropriation resolution may be amended during the year as additional information becomes available, provided that appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### **4. Lapsing of Appropriations**

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

##### **5. Budgetary Basis of Accounting**

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on a budgetary basis.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$734,740
Increase (Decrease):	
Accrued Revenues	
at June 30, 2015,	
received during FY 2016	(108,542)
Accrued Revenues	
at June 30, 2014,	
received during FY 2015	38,481
Accrued Expenditures	
at June 30, 2015,	
paid during FY 2016	894,556
Accrued Expenditures	
at June 30, 2014,	
paid during FY 2015	(868,494)
FY 2014 Prepays for FY 2015	117,141
FY 2015 Prepays for FY 2016	(139,211)
Encumbrances Outstanding	(79,733)
2015 Advance Activity	(25,000)
Perspective Difference:	
Activity of Funds Reclassified	
for GAAP Reporting Purposes	7,001
Budget Basis	<u>\$570,939</u>

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

#### **H. Capital Assets and Depreciation**

The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

##### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$1,500.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Capital Assets and Depreciation** (Continued)

2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	15-20
Buildings and Improvements	40
Machinery/Equipment and Furniture/Fixtures	5-20
Vehicles	8

**I. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Fund Bond Retirement Fund
Compensated Absences	General Fund Food Services Fund Preschool Grant Fund Title I Fund Miscellaneous Federal Grants Fund

**J. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees earn 1.25 days of sick leave per month of service up to a maximum of 240 days for STRS employees and 240 days for SERS employees. Upon retirement, employees that pay into STRS will receive up to 25% of the accumulated sick leave up to a maximum of 60 days and employees that pay into SERS will receive up to 25% of the accumulated sick leave up to a maximum of 60 days. Administrators earn sick leave up to 240 days and will be paid up to 25% of accumulated sick leave up to a maximum of 60 days.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **J. Compensated Absences (Continued)**

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

#### **K. 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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*** - The 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 District Board of Education. Those committed amounts cannot be used for any other purpose unless the 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.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **L. Fund Balance** (Continued)

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

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

#### **M. 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.

#### **N. Interfund Transactions**

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 to the funds that initially paid for them are not presented on the financial statements.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. For the 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 statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position explained in Note 10.

##### **P. Estimates**

The preparation of the 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 could differ from those estimates.

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	<u>Governmental Activities</u>
Net position June 30, 2014	\$8,292,819
Adjustments:	
Net Pension Liability	(15,351,981)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>745,308</u>
Restated Net Position June 30, 2014	<u>(\$6,313,854)</u>

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

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

**NOTE 3 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$0	\$0	\$1,494	\$1,494
Prepaid Items	139,211	0	12,931	152,142
<b>Total Nonspendable</b>	<b>139,211</b>	<b>0</b>	<b>14,425</b>	<b>153,636</b>
Restricted:				
Facilities Maintenance	0	0	49,089	49,089
Food Services	0	0	3,111	3,111
Targeted Academic Assistance	0	0	6,958	6,958
Debt Service Payments	0	715,724	0	715,724
Capital Acquisition and Improvement	0	0	88,949	88,949
<b>Total Restricted</b>	<b>0</b>	<b>715,724</b>	<b>148,107</b>	<b>863,831</b>
Assigned to Other Purposes	51,090	0	0	51,090
Unassigned	743,584	0	(78,451)	665,133
<b>Total Fund Balances</b>	<b>\$933,885</b>	<b>\$715,724</b>	<b>\$84,081</b>	<b>\$1,733,690</b>

**NOTE 4 – DEFICIT FUND EQUITIES**

The following is a summary of deficit fund equities at June 30, 2015:

Fund	Deficit Fund Equity
Special Revenue Funds:	
District Managed Student Activities Fund	\$70,694
Race to the Top Fund	440
Title VI-B Fund	2,165
Fiscal Stabilization Fund	457
Title I Fund	2,186
Early Childhood Special Education Grant Fund	286
Title VI-R Fund	2,223

The deficits arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Other deficits also existed under the budgetary/cash basis of accounting. The General Fund often provides operating transfers when cash is required, not when accruals occur.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$2,462,793 and the bank balance was \$2,725,050. Federal depository insurance covered \$271,460 of the bank balance and \$2,453,590 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$2,453,590</u>
Total Balance	<u><u>\$2,453,590</u></u>

### **NOTE 6 - TAXES**

#### **A. Property Tax**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 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 semi-annually, 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.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 6 – TAXES (Continued)**

**A. Property Tax (Continued)**

Public utility property tax revenue received in calendar 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 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 District receives property taxes from Perry County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2015 receipts were based are:

	2014 Second Half Collections	2015 First Half Collections
Agricultural/Residential and Other Real Estate	\$56,656,260	\$58,621,000
Public Utility Personal	18,842,470	18,746,950
Total Assessed Value	<u>\$75,498,730</u>	<u>\$77,367,950</u>
Tax rate per \$1,000 of assessed valuation	\$28.50	\$27.20

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of taxes, intergovernmental, and interfund loan receivables. All receivables are considered collectable in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds.

**NOTE 8 - INTERFUND BALANCES**

Following is a summary of interfund receivables/payables for all funds at June 30, 2015:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$123,901	\$0
Other Governmental Funds	0	123,901
Totals	<u>\$123,901</u>	<u>\$123,901</u>

The Interfund Loans are short-term loans to cover temporary cash deficits.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

**NOTE 9 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2015:

**Historical Cost:**

Class	June 30, 2014	Additions	Deletions	June 30, 2015
<b>Capital assets not being depreciated:</b>				
Land	\$98,680	\$0	\$0	\$98,680
<b>Capital assets being depreciated:</b>				
Land Improvements	645,043	24,500	(7,357)	662,186
Buildings and Improvements	17,175,692	18,456	0	17,194,148
Machinery/Equipment and Furniture/Fixtures	2,129,974	124,010	(15,233)	2,238,751
Vehicles	846,663	0	0	846,663
Total Cost	<u>\$20,896,052</u>	<u>\$166,966</u>	<u>(\$22,590)</u>	<u>\$21,040,428</u>

**Accumulated Depreciation:**

Class	June 30, 2014	Additions	Deletions	June 30, 2015
Land Improvements	(\$451,856)	(\$28,160)	\$7,357	(\$472,659)
Buildings and Improvements	(9,816,679)	(458,612)	0	(10,275,291)
Machinery/Equipment and Furniture/Fixtures	(1,716,879)	(99,452)	14,946	(1,801,385)
Vehicles	(641,207)	(31,658)	0	(672,865)
Total Depreciation	<u>(\$12,626,621)</u>	<u>(\$617,882) *</u>	<u>\$22,303</u>	<u>(\$13,222,200)</u>
<b>Net Value:</b>	<u>\$8,269,431</u>			<u>\$7,818,228</u>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$566,977
Support Services:	
Pupils	638
Instructional Staff	3,637
Administration	1,162
Fiscal Services	271
Operations & Maintenance of Plant	3,486
Pupil Transportation	12,992
Operation of Non-Instructional Services	10,740
Extracurricular Activities	17,979
Total Depreciation Expense	<u>\$617,882</u>

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS**

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

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

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

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

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.

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Description**

***School Employees Retirement System (SERS)***

Plan Description –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](http://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.

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

The District’s contractually required contribution to SERS was \$185,922 for fiscal year 2015.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description** (Continued)

###### ***State Teachers Retirement System (STRS)***

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. 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](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description** (Continued)

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 District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$676,338 for fiscal year 2015.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**C. 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 District's proportion of the net pension liability was based on the 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>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,071,040	\$10,844,991	\$12,916,031
Proportion of the Net Pension Liability	0.040922%	0.0445865%	
Pension Expense	\$121,794	\$408,029	\$529,823

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$17,627	\$104,407	\$122,034
School District contributions subsequent to the measurement date	185,922	676,338	862,260
<b>Total Deferred Outflows of Resources</b>	<u>\$203,549</u>	<u>\$780,745</u>	<u>\$984,294</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	336,135	\$2,006,364	\$2,342,499
<b>Total Deferred Inflows of Resources</b>	<u>\$336,135</u>	<u>\$2,006,364</u>	<u>\$2,342,499</u>

\$862,260 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$79,627)	(\$475,489)	(\$555,116)
2017	(79,627)	(475,489)	(555,116)
2018	(79,627)	(475,489)	(555,116)
2019	(79,627)	(475,490)	(555,117)
<b>Total</b>	<u>(\$318,508)</u>	<u>(\$1,901,957)</u>	<u>(\$2,220,465)</u>

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

#### **D. Actuarial Assumptions**

##### ***School Employees Retirement System (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.

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.

## **CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **D. Actuarial Assumptions** (Continued)

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 average 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	100.00 %	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,954,757	\$2,071,040	\$1,327,756

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions** (Continued)

***State Teachers Retirement System (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.

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	<u>100.00 %</u>	

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$15,525,785	\$10,844,991	\$6,886,612

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## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 11 - POSTEMPLOYMENT BENEFITS**

##### **A. School Employee Retirement System**

Plan Description – The 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](http://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 benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$20,450 for 2015), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

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.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$11,574, \$2,154 and \$2,400 respectively; which were equal to the required contributions for each year.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$46,846, and \$44,734 respectively; which were equal to the required contributions for each year.

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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

**NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS**

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended June 30, 2015 are as follows:

			Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amount Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2000	Classroom Facilities	4.8-5.6%	\$4,368	\$0	(\$4,368)	\$0	\$0
2003	General Bond	3.5-4.9%	145,000	0	(35,000)	110,000	35,000
2011	Refunding Bond	1.9-4.0%	590,000	0	(10,000)	580,000	15,000
2012	Energy Conservation	1.75-4.0%	260,000	0	(20,000)	240,000	20,000
	<b>Total General Obligation Bonds</b>		<u>999,368</u>	<u>0</u>	<u>(69,368)</u>	<u>930,000</u>	<u>70,000</u>
Net Pension Liability:							
	State Teachers Retirement System		12,918,481	0	(2,073,490)	10,844,991	0
	School Employees Retirement System		2,433,500	0	(362,460)	2,071,040	0
	<b>Total Net Pension Liability</b>		<u>15,351,981</u>	<u>0</u>	<u>(2,435,950)</u>	<u>12,916,031</u>	<u>0</u>
	Compensated Absences		538,233	615,713	(538,233)	615,713	21,772
	<b>Total Long-Term Obligations</b>		<u>\$16,889,582</u>	<u>\$615,713</u>	<u>(\$3,043,551)</u>	<u>\$14,461,744</u>	<u>\$91,772</u>

**A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2015, follows:

Years	General Obligation Bonds	
	Principal	Interest
2016	\$70,000	\$93,258
2017	125,000	30,143
2018	135,000	25,490
2019	95,000	21,433
2020	100,000	18,080
2021-2025	380,000	35,340
2026	25,000	1,000
<b>Totals</b>	<u>\$930,000</u>	<u>\$224,744</u>

# ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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### **NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

#### **B. Defeased Debt**

In February 2011, the District partially refunded \$685,000 of General Obligation Bonds for Classroom Facilities Series 2000, dated July 5, 2000, through the issuance of \$685,000 of General Obligation Bonds. The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$355,000 at June 30, 2015, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

### **NOTE 13 - STATUTORY RESERVES**

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

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2014	\$0
Current Year Set-Aside Requirement	185,943
Current Year Offset Credits	(83,622)
Qualifying Disbursements	<u>(177,211)</u>
Total	<u>(\$74,890)</u>
Balance Carried Forward to FY 2016	<u>\$0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the extra amount for capital acquisition may not be used to reduce the set-aside requirements of future years. Negative amounts for capital acquisition are therefore not presented as being carried forward to the next fiscal year.

## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

The District joined the *Licking Area Computer Association (LACA)*, which is a computer consortium of public school districts, effective May 1, 2011. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts and is located at 150 South Quentin Road, Newark, OH 43055. The governing board of LACA consists of nineteen members made up of nineteen district superintendents. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. Financial information can be obtained from their fiscal agent, the Career and Technology Education Centers of Licking County, Treasurer, at 150 South Quentin Road, Newark, OH 43055.

*Mid-East Ohio Career Center* - The Mid-East Ohio Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of thirteen appointed representatives from the fourteen participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to: Mid-East Ohio Career Center, Rick White, CPA, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of seventeen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 2015.

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## ***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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#### **NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2015 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Argonaut Insurance Company	Building/Personal Property	\$1,000
Argonaut Insurance Company	Commercial Crime	\$250
Argonaut Insurance Company	Commercial Equipment	\$500
Argonaut Insurance Company	General/Excess Liability	\$0
Argonaut Insurance Company	Commercial Auto	\$250/\$500
Argonaut Insurance Company	Educators Legal Liability	\$2,500

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

#### **NOTE 16 – INSURANCE PURCHASING POOL**

The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost-control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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

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**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2015.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional 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 District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the 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 District.

**NOTE 18 – SIGNIFICANT COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General Fund	\$79,733
Nonmajor Governmental Funds	<u>34,632</u>
Total Governmental Funds	<u>\$114,365</u>

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***REQUIRED SUPPLEMENTAL INFORMATION***

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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***Schedule of District's Proportionate Share of the Net Pension Liability  
Last Two Fiscal Years***

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Fiscal Year	State Teachers Retirement System	
	2013	2014
District's proportion of the net pension liability (asset)	0.04458654%	0.04458654%
District's proportionate share of the net pension liability (asset)	\$12,918,481	\$10,844,991
District's covered-employee payroll	\$4,473,431	\$4,458,169
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	288.78%	243.26%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%

Source: District Treasurer's Office and State Teachers Retirement System

Fiscal Year	School Employees Retirement System	
	2013	2014
District's proportion of the net pension liability (asset)	0.040922%	0.040922%
District's proportionate share of the net pension liability (asset)	\$2,433,500	\$2,071,040
District's covered-employee payroll	\$1,500,084	\$1,195,859
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	162.22%	173.18%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

***CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO***

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***Schedule of District Contributions  
Last Two Fiscal Years***

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**State Teachers Retirement System**

Fiscal Year	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$579,562	\$676,338
Contributions in relation to the contractually required contribution	<u>(579,562)</u>	<u>(676,338)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$4,458,169	\$4,830,986
Contributions as a percentage of covered-employee payroll	13.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

**School Employees Retirement System**

Fiscal Year	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$165,746	\$185,922
Contributions in relation to the contractually required contribution	<u>(165,746)</u>	<u>(185,922)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$1,195,859	\$1,410,637
Contributions as a percentage of covered-employee payroll	13.86%	13.18%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	2014/2015	10.553	\$9,337	\$9,337
National School Lunch Program	2014/2015	10.555	21,786	21,786
Non-Cash Assistance Subtotal			31,123	31,123
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	151,124	151,124
National School Lunch Program	2014/2015	10.555	349,804	349,804
Cash Assistance Subtotal			500,928	500,928
Total Child Nutrition Cluster			532,051	532,051
National School Meals Equipment Grant	2015	10.579	3,401	0
Total U.S. Department of Agriculture			535,452	532,051
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014	84.010	22,434	9,988
	2015		267,811	275,019
Total Title I Grants to Local Educational Agencies			290,245	285,007
Special Education Cluster:				
Special Education Grants to States				
	2014	84.027	23,006	23,517
	2015		182,222	182,884
Total Special Education Grants to States			205,228	206,401
Special Education Preschool Grants				
	2014	84.173	450	503
	2015		5,061	5,133
Total Special Education Preschool Grants			5,511	5,636
Total Special Education Cluster			210,739	212,037
Twenty-First Century Community Learning Centers				
	2014	84.287	28,905	15,978
	2015		129,465	141,868
Total Twenty-First Century Community Learning Centers			158,370	157,846
Rural Education				
	2015	84.358	0	6,374
Mathematics and Science Partnerships				
	2014	84.366	0	36,621
	2015		116,667	99,895
Total Mathematics and Science Partnerships			116,667	136,516
Improving Teacher Quality State Grants				
	2014	84.367	11,040	10,443
	2015		50,758	50,939
Total Improving Teacher Quality State Grants			61,798	61,382
Teacher Incentive Fund:				
Teacher Incentive Fund				
Teacher Incentive Fund	2014	84.374	43,505	32,176
Teacher Incentive Fund	2015		32,651	60,426
Assessment Literacy	2014		30,025	16,280
Teacher Incentive Fund - Teacher Leadership	2014		65,235	65,235
Teacher Incentive Fund - Professional Development	2015		87,254	87,254
Teacher Incentive Fund	2014		1,713	1,713
Teacher Incentive Fund - Payouts	2015		168,302	168,302
Total Teacher Incentive Fund			428,685	431,386
ARRA - Race to the Top, Recovery Act:				
Race to the Top Incentives Grant				
Race to the Top Incentives Grant	2014	84.395	5,976	6,990
Race to the Top Incentives Grant	2015		1,800	2,054
Ohio Appalachain Collaboration	2014		15,945	5,778
Ohio Appalachain Collaboration - Additional	2014		14,032	0
Total ARRA - Race to the Top, Recovery Act			37,753	14,822
Total U.S. Department of Education			1,304,257	1,305,370
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$1,839,709</b>	<b>\$1,837,421</b>

*The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.*

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Crooksville Exempted Village School District  
Perry County  
4065 School Drive  
Crooksville, Ohio 43731

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crooksville Exempted Village School District, Perry County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 15, 2016. We noted the District adopted Governmental Accounting Standards Board Statement (GASB) 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*.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 15, 2016



# Dave Yost • Auditor of State

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

Crooksville Exempted Village School District  
Perry County  
4065 School Drive  
Crooksville, Ohio 43731

To the Board of Education:

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

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

### ***Management's Responsibility***

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

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

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

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

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

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

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

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 15, 2016

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> <li>• Child Nutrition Cluster – CFDA #'s 10.553 and 10.555</li> <li>• Teacher Incentive Fund – CFDA #84.374</li> </ul>	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Material Weakness – The District failed to properly classify and report certain financial activity in accordance with generally accepted accounting principles.	No	Partially corrected. Items included in separate letter to management for the current year.
2014-002	34 C.F.R. 80.21(c) - The District failed to spend certain monies requested for federal programs within the required time period.	Yes	
2014-003	34 C.F.R. 76.722 - The District failed to submit all final expenditure reports within the time period required.	Yes	



# Dave Yost • Auditor of State

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT**

**PERRY 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 29, 2016**