



Dave Yost • Auditor of State



**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY  
JUNE 30, 2017**

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY  
JUNE 30, 2017**

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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, 2017, 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 such 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, 2017, 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.

**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 Receipts and Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 12, 2018, 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 12, 2018

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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, 2017***

***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, 2017. 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 2017 are as follows:

- ❑ Net position increased \$573,097, or 11.7% from 2016.
- ❑ General revenues accounted for \$11,850,463 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,967,596 or 20% of total revenues of \$14,818,059.
- ❑ The District had \$14,244,962 in expenses related to governmental activities; only \$2,967,596 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,850,463 were not adequate to provide for these programs.
- ❑ The District's General Fund had \$12,999,711 in revenues and other financing sources and \$11,556,657 in expenditures and other financing uses. The General Fund's fund balance increased \$1,443,054 to a balance of \$3,684,939.

## **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, 2017***

***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, 2017***

***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 2017 and 2016.

	Governmental Activities		Increase (Decrease)
	2017	2016	
Current and other assets	\$7,618,411	\$6,283,181	\$1,335,230
Capital assets, Net	<u>6,880,814</u>	<u>7,364,755</u>	<u>(483,941)</u>
Total assets	<u>14,499,225</u>	<u>13,647,936</u>	<u>851,289</u>
Deferred Outflows of Resources	<u>3,460,535</u>	<u>1,717,495</u>	<u>1,743,040</u>
Net pension liability	18,302,646	14,910,325	3,392,321
Other long-term liabilities	1,381,433	1,579,242	(197,809)
Other liabilities	928,466	1,064,043	(135,577)
Total liabilities	<u>20,612,545</u>	<u>17,553,610</u>	<u>3,058,935</u>
Deferred Inflows of Resources	<u>1,651,836</u>	<u>2,689,539</u>	<u>(1,037,703)</u>
Net position:			
Net investment in capital assets	6,145,814	6,504,755	(358,941)
Restricted	908,805	914,202	(5,397)
Unrestricted	<u>(11,359,240)</u>	<u>(12,296,675)</u>	<u>937,435</u>
Total net position	<u><u>(\$4,304,621)</u></u>	<u><u>(\$4,877,718)</u></u>	<u><u>\$573,097</u></u>

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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, 2017***

***Unaudited***

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The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" significantly revised 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 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, 2017***

***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.

**Changes in Net Position** – The following table shows the changes in net position for the fiscal year 2017 and 2016.

	Governmental Activities		Increase (Decrease)
	2017	2016	
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,690,993	\$1,486,757	\$204,236
Operating Grants and Contributions	1,276,603	1,804,633	(528,030)
General revenues:			
Property Taxes	1,894,367	1,692,318	202,049
Grants and Entitlements	9,861,822	9,323,086	538,736
Other	94,274	47,903	46,371
Total revenues	<u>14,818,059</u>	<u>14,354,697</u>	<u>463,362</u>
Program Expenses			
Instruction	8,323,962	7,770,994	552,968
Support Services:			
Pupils	385,436	355,254	30,182
Instructional Staff	498,395	487,255	11,140
Board of Education	50,282	58,862	(8,580)
Administration	1,334,781	1,178,175	156,606
Fiscal Services	415,785	309,460	106,325
Operation and Maintenance of Plant	1,318,668	1,186,005	132,663
Pupil Transportation	778,610	743,890	34,720
Central	1,193	1,310	(117)
Operation of Non-Instructional Services	661,972	681,335	(19,363)
Extracurricular Activities	446,182	418,936	27,246
Interest and Fiscal Charges	29,696	82,911	(53,215)
Total expenses	<u>14,244,962</u>	<u>13,274,387</u>	<u>970,575</u>
Total Change in Net Position	573,097	1,080,310	(507,213)
Beginning Net Position	<u>(4,877,718)</u>	<u>(5,958,028)</u>	<u>1,080,310</u>
Ending Net Position	<u><u>(\$4,304,621)</u></u>	<u><u>(\$4,877,718)</u></u>	<u><u>\$573,097</u></u>

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

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017***

***Unaudited***

### ***Governmental Activities***

Net position of the District's governmental activities increased by \$573,097.

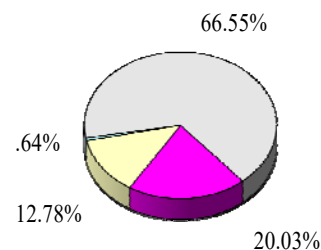
In 2017, revenues increased \$463,362 while expenses increased \$970,575 in fiscal year 2017. Total revenues outpaced expenses accounting for the increase in Net Position

Total expenses showed an increase of \$970,575. The largest increases were present within the Instruction, Administration, Fiscal Services and Operation and Maintenance of Plant functions. Instruction increased \$552,968 and accounted for 57% of the total increase.

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.

Property taxes made up 12.78% of revenues for governmental activities for Crooksville Exempted Village Schools in fiscal year 2017. The District's reliance upon grant revenues is demonstrated by the following graph:

Revenue Sources	2017	Percent of Total
General Grants	\$9,861,822	66.55%
Program Revenues	2,967,596	20.03%
General Tax Revenues	1,894,367	12.78%
General Other	94,274	0.64%
Total Revenue	<u>\$14,818,059</u>	<u>100.00%</u>



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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017*

*Unaudited*

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

The District's governmental funds reported a combined fund balance of \$4,581,018 which is more than last year's balance of \$3,111,885. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	\$3,684,939	\$2,241,885	\$1,443,054
Other Governmental	896,079	870,000	26,079
Total	\$4,581,018	\$3,111,885	\$1,469,133

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

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	\$1,599,092	\$1,440,033	\$159,059
Tuition	1,492,332	1,269,961	222,371
Investment Earnings	(64)	8,210	(8,274)
Extracurricular Activities	21,760	16,935	4,825
Intergovernmental - State	9,690,379	9,207,620	482,759
Intergovernmental - Federal	101,463	93,662	7,801
All Other Revenue	90,749	35,969	54,780
Total	\$12,995,711	\$12,072,390	\$923,321

The General Fund revenues increased 7.6% in 2017. A \$482,759 increase in state revenues accounted for the majority of the increase. Tuition paid by other districts for Open Enrollment also increased \$222,371. Overall, total revenues increased by \$923,321.

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

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017***

***Unaudited***

	2017 <u>Expenditures</u>	2016 <u>Expenditures</u>	Increase (Decrease)
Instruction	\$6,782,366	\$6,271,589	\$510,777
Supporting Services:			
Pupils	369,158	354,686	14,472
Instructional Staff	466,141	421,527	44,614
Board of Education	50,282	58,862	(8,580)
Administration	1,247,373	1,155,883	91,490
Fiscal Services	316,738	306,989	9,749
Operation & Maintenance of Plant	1,127,563	1,093,596	33,967
Pupil Transportation	731,717	722,686	9,031
Central	1,193	1,310	(117)
Extracurricular Activities	256,549	246,304	10,245
Capital Outlay	26,835	23,250	3,585
Debt Service			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	10,742	12,708	(1,966)
<b>Total</b>	<b><u>\$11,441,657</u></b>	<b><u>\$10,724,390</u></b>	<b><u>\$717,267</u></b>

The expenditures increased by \$717,267 or 6.7% compared to the prior year mostly due to increased instruction and administration expenditures.

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

During the course of fiscal year 2017 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was increased \$236,528 from original budget estimates of \$12.8 million to account for higher State funding, tuition and tax receipts. The General Fund had an adequate fund balance to cover expenditures.



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

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017***

***Unaudited***

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

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

At the end of fiscal year 2017 the District had \$6,880,814 net of accumulated depreciation invested in land, buildings, machinery, equipment and vehicles. The following table shows fiscal year 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$98,680	\$98,680	\$0
Land Improvements	677,186	677,186	0
Buildings and Improvements	17,225,249	17,204,268	20,981
Machinery/Equipment and Furniture/Fixtures	2,301,001	2,269,980	31,021
Vehicles	959,630	934,122	25,508
Less: Accumulated Depreciation	(14,380,932)	(13,819,481)	(561,451)
Totals	\$6,880,814	\$7,364,755	(\$483,941)

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

#### ***Debt***

At June 30, 2017, the District had \$735,000 in bonds outstanding, \$135,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2017:

	2017	2016
General Obligation Bonds:		
General Bond	\$40,000	\$75,000
Refunding Bond	495,000	565,000
Energy Conservation Bond	200,000	220,000
Total General Obligation Bond	735,000	860,000
Net Pension Liability	18,302,646	14,910,325
Compensated Absences	646,433	719,242
Totals	\$19,684,079	\$16,489,567

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, 2017, 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.

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

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017***

***Unaudited***

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## **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 2017, the 2016-2017 State of Ohio biennial budget included significant increased funding for education, and the funding formula benefitted Crooksville Schools. This trend has continued in the 2018-2019 state biennial budget. This increase will aid the district's financial position in the next one to two years. However, enrollment is expected to decline in the coming years as a result of census and live birth 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 2018 and 2019, 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 2017, 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 2017 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 2018 funding formula provided Crooksville Exempted Village School District with approximately \$9,699,395 in State Grants-in-Aid in fiscal year 2018, up 2.1% from fiscal year 2017, and will provide \$9,721,681 in fiscal year 2019, up 0.2% from fiscal year 2018. 74% of General Fund revenues come from state grants-in-aid in fiscal year 2018. The remaining 26% provided by local operating levies, taxes and miscellaneous revenues. The district received approximately \$54,000 in fiscal year 2017 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 2020 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.

## **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, 2017**

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	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,626,932
Investments	2,481,137
Receivables:	
Taxes	2,285,438
Intergovernmental	35,702
Inventory of Supplies at Cost	1,784
Prepaid Items	165,959
Restricted Assets:	
Cash and Cash Equivalents	21,459
Capital Assets Not Being Depreciated	98,680
Capital Assets Being Depreciated, Net	6,782,134
<b>Total Assets</b>	<u>14,499,225</u>
<b>Deferred Outflows of Resources:</b>	
Pension	<u>3,460,535</u>
<b>Liabilities:</b>	
Accounts Payable	101,749
Accrued Wages and Benefits	718,310
Intergovernmental Payable	84,648
Matured Bonds & Interest Payable	21,459
Accrued Interest Payable	2,300
Long Term Liabilities:	
Due Within One Year	148,848
Due in More Than One Year:	
Net Pension Liability	18,302,646
Other Amounts Due in More Than One Year	1,232,585
<b>Total Liabilities</b>	<u>20,612,545</u>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	1,645,014
Pension	6,822
<b>Total Deferred Inflows of Resources</b>	<u>1,651,836</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	6,145,814
Restricted For:	
Capital Projects	285,405
Debt Service	623,400
Unrestricted (Deficit)	<u>(11,359,240)</u>
<b>Total Net Position</b>	<u>\$ (4,304,621)</u>

See accompanying notes to the basic financial statements

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

### ***Statement of Activities For the Fiscal Year Ended June 30, 2017***

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 8,323,962	\$ 1,492,332	\$ 672,435	\$ (6,159,195)
Support Services:				
Pupils	385,436	0	0	(385,436)
Instructional Staff	498,395	0	7,166	(491,229)
Board of Education	50,282	0	0	(50,282)
Administration	1,334,781	0	10,009	(1,324,772)
Fiscal Services	415,785	0	2,323	(413,462)
Operation and Maintenance of Plant	1,318,668	0	0	(1,318,668)
Pupil Transportation	778,610	0	0	(778,610)
Central	1,193	0	0	(1,193)
Operation of Non-Instructional Services	661,972	29,356	584,670	(47,946)
Extracurricular Activities	446,182	169,305	0	(276,877)
Interest and Fiscal Charges	29,696	0	0	(29,696)
<b>Totals</b>	<b>\$ 14,244,962</b>	<b>\$ 1,690,993</b>	<b>\$ 1,276,603</b>	<b>(11,277,366)</b>

#### **General Revenues**

##### Property Taxes Levied for:

General Purposes	1,680,716
Debt Service	7,624
Other Purposes	206,027
Grants and Entitlements not Restricted to Specific Programs	9,861,822
Investment Earnings	(64)
Miscellaneous	94,338
<b>Total General Revenues</b>	<b>11,850,463</b>
Change in Net Position	573,097
Net Position Beginning of Year	(4,877,718)
Net Position End of Year	<b>\$ (4,304,621)</b>

See accompanying notes to the basic financial statements

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,646,228	\$ 980,704	\$ 2,626,932
Investments	2,481,137	0	2,481,137
Receivables:			
Taxes	2,028,662	256,776	2,285,438
Intergovernmental	0	35,702	35,702
Interfund Loan Receivable	12,186	0	12,186
Inventory Held for Resale	0	1,784	1,784
Prepaid Items	151,198	14,761	165,959
Restricted Assets:			
Cash and Cash Equivalents	0	21,459	21,459
<b>Total Assets</b>	<u>\$ 6,319,411</u>	<u>\$ 1,311,186</u>	<u>\$ 7,630,597</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 31,979	\$ 69,770	\$ 101,749
Accrued Wages and Benefits	659,371	58,939	718,310
Intergovernmental Payable	73,867	10,781	84,648
Matured Bonds and Interest Payable	0	21,459	21,459
Interfund Loans Payable	0	12,186	12,186
<b>Total Liabilities</b>	<u>765,217</u>	<u>173,135</u>	<u>938,352</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	407,414	58,799	466,213
Property Tax Levy for Next Fiscal Year	1,461,841	183,173	1,645,014
<b>Total Deferred Inflows of Resources</b>	<u>1,869,255</u>	<u>241,972</u>	<u>2,111,227</u>
<b>Fund Balances:</b>			
Nonspendable	151,198	16,545	167,743
Restricted	0	902,208	902,208
Assigned	101,643	0	101,643
Unassigned	3,432,098	(22,674)	3,409,424
<b>Total Fund Balances</b>	<u>3,684,939</u>	<u>896,079</u>	<u>4,581,018</u>
<b>Total Liabilities, Deferred Inflows of Resources and Funds Balances</b>	<u>\$ 6,319,411</u>	<u>\$ 1,311,186</u>	<u>\$ 7,630,597</u>

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, 2017***

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**Total Governmental Fund Balances** \$ 4,581,018

***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. 6,880,814

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 466,213

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	3,460,535	
Deferred Inflows - Pension	(6,822)	
Net Pension Liability	<u>(18,302,646)</u>	
Total		(14,848,933)

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	(735,000)	
Compensated Absences Payable	(646,433)	
Accrued Interest Payable	<u>(2,300)</u>	(1,383,733)

***Net Position of Governmental Activities*** **\$ (4,304,621)**

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, 2017***

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 1,599,092	\$ 202,527	\$ 1,801,619
Tuition	1,492,332	0	1,492,332
Investment Earnings	(64)	0	(64)
Food Services	0	29,356	29,356
Extracurricular Activities	21,760	122,123	143,883
Intergovernmental - State	9,690,379	206,779	9,897,158
Intergovernmental - Federal	101,463	1,158,314	1,259,777
All Other Revenue	90,749	34,011	124,760
<b>Total Revenue</b>	<b>12,995,711</b>	<b>1,753,110</b>	<b>14,748,821</b>
<b>Expenditures:</b>			
Current:			
Instruction	6,782,366	683,521	7,465,887
Supporting Services:			
Pupils	369,158	0	369,158
Instructional Staff	466,141	8,665	474,806
Board of Education	50,282	0	50,282
Administration	1,247,373	11,043	1,258,416
Fiscal Services	316,738	76,211	392,949
Operation & Maintenance of Plant	1,127,563	139,745	1,267,308
Pupil Transportation	731,717	0	731,717
Central	1,193	0	1,193
Operation of Non-Instructional Services	0	660,818	660,818
Extracurricular Activities	256,549	159,138	415,687
Capital Outlay	26,835	13,005	39,840
Debt Service:			
Principal Retirement	55,000	70,000	125,000
Interest & Fiscal Charges	10,742	19,325	30,067
<b>Total Expenditures</b>	<b>11,441,657</b>	<b>1,841,471</b>	<b>13,283,128</b>
Excess (Deficiency) of Revenues			
Over Expenditures	1,554,054	(88,361)	1,465,693

(Continued)



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

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	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses):</b>			
Sale of Captial Assets	4,000	0	4,000
Transfers In	0	115,000	115,000
Transfers Out	<u>(115,000)</u>	<u>0</u>	<u>(115,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(111,000)</u>	<u>115,000</u>	<u>4,000</u>
Net Change in Fund Balance	1,443,054	26,639	1,469,693
<b>Fund Balances at Beginning of Year</b>	2,241,885	870,000	3,111,885
Decrease in Inventory Reserve	0	(560)	(560)
<b>Fund Balances End of Year</b>	<u>\$ 3,684,939</u>	<u>\$ 896,079</u>	<u>\$ 4,581,018</u>

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, 2017***

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Net Change in Fund Balances - Total Governmental Funds \$ 1,469,693

***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	151,129	
	Depreciation Expense	<u>(628,218)</u>	(477,089)

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. (6,852)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 69,238

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 879,316

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,558,829)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, has no effect on net position. 125,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 371

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	72,809	
	Change in Inventory	<u>(560)</u>	<u>72,249</u>

***Change in Net Position of Governmental Activities*** **\$ 573,097**

See accompanying notes to the basic financial statements

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## ***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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 1,427,891	\$ 1,537,891	\$ 1,538,589	\$ 698
Tuition	1,276,717	1,483,992	1,492,332	8,340
Investment Earnings	10,000	16,810	18,309	1,499
Intergovernmental - State	9,877,587	9,691,405	9,690,379	(1,026)
Intergovernmental - Federal	30,000	101,000	101,463	463
All Other Revenues	114,294	81,794	82,122	328
Total Revenues	<u>12,736,489</u>	<u>12,912,892</u>	<u>12,923,194</u>	<u>10,302</u>
<b>Expenditures:</b>				
Current:				
Instruction	6,740,355	6,892,075	6,855,197	36,878
Support Services:				
Pupils	370,496	373,746	371,790	1,956
Instructional Staff	457,790	486,905	484,989	1,916
Board of Education	71,675	62,675	61,305	1,370
Administration	1,266,940	1,293,538	1,280,945	12,593
Fiscal Services	327,067	324,647	322,056	2,591
Operation and Maintenance of Plant	1,126,976	1,211,751	1,203,768	7,983
Pupil Transportation	787,139	777,349	759,817	17,532
Central	1,420	1,520	1,464	56
Extracurricular Activities	247,126	242,939	226,562	16,377
Capital Outlay	27,585	26,835	26,835	0
Debt Service:				
Principal Retirement	55,000	55,000	55,000	0
Interest and Fiscal Charges	12,708	10,742	10,742	0
Total Expenditures	<u>11,492,277</u>	<u>11,759,722</u>	<u>11,660,470</u>	<u>99,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	1,244,212	1,153,170	1,262,724	109,554

(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	4,000	4,000	0
Transfers In	0	1,125	1,125	0
Transfers Out	(40,000)	(115,000)	(115,000)	0
Advances In	85,000	140,000	140,000	0
Advances Out	(100,000)	(115,000)	(115,000)	0
Refund of Prior Year's Receipts	(4,446)	0	0	0
Total Other Financing Sources (Uses):	<u>(59,446)</u>	<u>(84,875)</u>	<u>(84,875)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	1,184,766	1,068,295	1,177,849	109,554
Fund Balance at Beginning of Year	2,717,069	2,717,069	2,717,069	0
Prior Year Encumbrances	132,299	132,299	132,299	0
Fund Balance at End of Year	<u>\$ 4,034,134</u>	<u>\$ 3,917,663</u>	<u>\$ 4,027,217</u>	<u>\$ 109,554</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, 2017***

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	Private Purpose Trust Fund	Agency Funds
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 27,853	\$ 49,676
<b>Total Assets</b>	<u>27,853</u>	<u>49,676</u>
<b>Liabilities:</b>		
Due to Others	0	2,496
Due to Students	0	47,180
<b>Total Liabilities</b>	<u>0</u>	<u>49,676</u>
<b>Net Position:</b>		
Restricted for Scholarships	27,853	0
<b>Total Net Position</b>	<u>\$ 27,853</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, 2017***

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	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 5,847
Total Additions	<u>5,847</u>
<b>Deductions:</b>	
Administrative Expenses	<u>9,065</u>
Total Deductions	<u>9,065</u>
Change in Net Position	(3,218)
Net Position at Beginning of Year	<u>31,071</u>
Net Position End of Year	<u>\$ 27,853</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, 2017***

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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 40 noncertified, 73 certified teaching personnel and 10 administrative employees providing education to 1,052 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*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus – An Amendment to GASB Statement No.'s 14 and 34*" ,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, 2017***

---

### **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 District's only major governmental fund is the General Fund:

**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.

***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, 2017***

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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. The General 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, 2017***

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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, 2017, and which are not intended to finance fiscal 2017 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, 2017***

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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 2017.

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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, 2017**

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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)	\$1,443,054
Increase (Decrease):	
Accrued Revenues at June 30, 2017, received during FY 2018	(141,034)
Accrued Revenues at June 30, 2016, received during FY 2017	98,904
Accrued Expenditures at June 30, 2017, paid during FY 2018	765,217
Accrued Expenditures at June 30, 2016, paid during FY 2017	(894,452)
FY 2016 Prepays for FY 2017	148,472
FY 2017 Prepays for FY 2018	(151,198)
Encumbrances Outstanding 2017 Advance Activity	25,000
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	3,444
Budget Basis	<u>\$1,177,849</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 4, "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, 2017***

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

#### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

#### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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.

#### **I. Inventory**

On government-wide financial statements and the governmental fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the governmental fund financial statements and using the consumption method on the government-wide financial statements.

On the governmental fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of general supplies, purchased food and donated food, which is presented at their entitlement value.

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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

#### **J. 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.

##### **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



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

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017***

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

**K. 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 VI-B Fund

**L. 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 285 days for STRS employees and 290 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 71.25 days and employees that pay into SERS will receive up to 25% of the accumulated sick leave up to a maximum of 72.5 days. Administrators earn sick leave up to 290 days and will be paid up to 25% of accumulated sick leave up to a maximum of 72.5 days.

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.

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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

#### **M. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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.

#### **N. 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.

***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.

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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

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

*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.

#### **O. 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.

#### **P. 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.

#### **Q. 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.

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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

#### **R. 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.

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

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

#### **NOTE 2 – 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	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Supplies Inventory	\$0	\$1,784	\$1,784
Prepaid Items	151,198	14,761	165,959
Total Nonspendable	151,198	16,545	167,743
Restricted:			
Facilities Maintenance	0	17,826	17,826
Extracurricular Activities	0	17,260	17,260
Targeted Academic Assistance	0	1,254	1,254
Debt Service Payments	0	625,700	625,700
Capital Acquisition and Improvement	0	240,168	240,168
Total Restricted	0	902,208	902,208
Assigned to Other Purposes	101,643	0	101,643
Unassigned	3,432,098	(22,674)	3,409,424
Total Fund Balances	\$3,684,939	\$896,079	\$4,581,018

#### **NOTE 3 – DEFICIT FUND EQUITIES**

The following is a summary of deficit fund equities at June 30, 2017:

Fund	Deficit Fund Equity
Special Revenue Funds:	
Preschool Grant Fund	\$12,926
Title VI-B Fund	7,189
Early Childhood Special Education Grant Fund	208

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, 2017***

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### **NOTE 4 - 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***

## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

### **NOTE 4 - 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 \$2,725,920 and the bank balance was \$3,174,272. Federal depository insurance covered \$271,460 of the bank balance and \$2,902,812 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	\$2,902,812
Total Balance	\$2,902,812

#### **B. Investments**

The District's investments at June 30, 2017 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
FHLB	\$498,485	AA+ <sup>1</sup>	\$0	\$498,485
FHLMC	248,485	AA+ <sup>1</sup>	0	248,485
FNMA	272,128	AA+ <sup>1</sup>	0	272,128
Marketable CD's	1,462,039	NA	490,000	972,039
Total Investments	\$2,481,137		\$490,000	\$1,991,137

<sup>1</sup> Standard & Poor's

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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### **NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

#### **B. Investments** (Continued)

The District's investments in federal agency securities (FHLB, FHLMC, FNMA) and marketable certificates of deposit are valued using quoted prices in markets that are not considered to be active dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no investment policy that limits investment purchases beyond the requirements of Ohio Revised Code.

*Investment Credit Risk* – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 20.1% are in FHLB securities, 10% are in FHLMC securities, 11% are in FNMA securities, and 58.9% are in Marketable certificates of deposit.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

### **NOTE 5 - 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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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, 2017***

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### **NOTE 5 – TAXES (Continued)**

#### **A. Property Tax (Continued)**

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2014, were levied after April 1, 2016 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, 2017, are available to finance fiscal year 2017 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 2017 receipts were based are:

	2016 First Half Collections	2017 First Half Collections
Agricultural/Residential and Other Real Estate	\$57,896,540	\$50,483,730
Public Utility Personal	19,632,080	20,472,180
Total Assessed Value	<u>\$77,528,620</u>	<u>\$70,955,910</u>
Tax rate per \$1,000 of assessed valuation	\$27.20	\$26.20

### **NOTE 6 - RECEIVABLES**

Receivables at June 30, 2017 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.

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

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017***

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**NOTE 7 - INTERFUND BALANCES**

Following is a summary of interfund receivables/payables for all funds at June 30, 2017:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$12,186	\$0
Other Governmental Funds	0	12,186
Totals	<u>\$12,186</u>	<u>\$12,186</u>

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

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for the fiscal year ended June 30, 2017:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$115,000
Nonmajor Governmental Funds	115,000	0
Total All Funds	<u>\$115,000</u>	<u>\$115,000</u>

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

The Board approved two transfers totaling \$75,000 from the General Fund to the Cafeteria Fund to assist with fiscal year 2016 and 2017 deficits. The Board also approved a transfer from the General Fund to the Athletic Fund for \$40,000 to assist with previous year's operating losses.

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

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

#### **NOTE 9 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2017:

***Historical Cost:***

Class	June 30, 2016	Additions	Deletions	June 30, 2017
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$98,680	\$0	\$0	\$98,680
<b><i>Capital assets being depreciated:</i></b>				
Land Improvements	677,186	0	0	677,186
Buildings and Improvements	17,204,268	20,981	0	17,225,249
Machinery/Equipment and Furniture/Fixtures	2,269,980	41,216	(10,195)	2,301,001
Vehicles	934,122	88,932	(63,424)	959,630
Total Cost	<u>\$21,184,236</u>	<u>\$151,129</u>	<u>(\$73,619)</u>	<u>\$21,261,746</u>

***Accumulated Depreciation:***

Class	June 30, 2016	Additions	Deletions	June 30, 2017
Land Improvements	(\$502,119)	(\$30,145)	\$0	(\$532,264)
Buildings and Improvements	(10,734,803)	(460,403)	0	(11,195,206)
Machinery/Equipment and Furniture/Fixtures	(1,905,022)	(91,314)	9,685	(1,986,651)
Vehicles	(677,537)	(46,356)	57,082	(666,811)
Total Depreciation	<u>(\$13,819,481)</u>	<u>(\$628,218)*</u>	<u>\$66,767</u>	<u>(\$14,380,932)</u>

<b><i>Net Value:</i></b>	<u>\$7,364,755</u>			<u>\$6,880,814</u>
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\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$578,265
Support Services:	
Pupils	636
Instructional Staff	7,612
Administration	1,162
Fiscal Services	270
Operations & Maintenance of Plant	3,485
Pupil Transportation	8,611
Operation of Non-Instructional Services	13,087
Extracurricular Activities	15,090
Total Depreciation Expense	<u>\$628,218</u>

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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, 2017***

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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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$192,768 for fiscal year 2017.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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, 2017***

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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. For the fiscal year ended June 30, 2017, the employer rate was 14% and the member rate was 14% of covered payroll. The entire 14% was used to fund pension obligations. The statutory maximum employer rate is 14%.

The District's contractually required contribution to STRS was \$686,548 for fiscal year 2017. Of this amount \$59,704 is reported as an intergovernmental payable.

##### **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, 2016, 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.

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

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

#### **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 (Continued)**

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	\$3,154,544	\$15,148,102	\$18,302,646
Proportion of the Net Pension Liability -2017	0.0431003%	0.04525467%	
Proportion of the Net Pension Liability -2016	<u>0.0432611%</u>	<u>0.04501853%</u>	
Percentage Change	<u>(0.0001608%)</u>	<u>0.0002361%</u>	
Pension Expense	\$382,122	\$1,176,707	\$1,558,829

At June 30, 2017, 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	\$42,548	\$612,054	\$654,602
Changes of assumptions	210,583	0	210,583
Net difference between projected and actual earnings on pension plan investments	260,204	1,257,698	1,517,902
Changes in proportion and differences School District contributions subsequent to the measurement date	192,768	686,548	879,316
Changes in proportion share	<u>70,443</u>	<u>127,689</u>	<u>198,132</u>
Total Deferred Outflows of Resources	<u>\$776,546</u>	<u>\$2,683,989</u>	<u>\$3,460,535</u>
<b>Deferred Inflows of Resources</b>			
Changes in proportion share	<u>\$6,822</u>	<u>\$0</u>	<u>\$6,822</u>
Total Deferred Inflows of Resources	<u>\$6,822</u>	<u>\$0</u>	<u>\$6,822</u>

\$879,316 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, 2018. 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:			
2018	\$159,018	\$334,136	\$493,154
2019	158,831	334,133	492,964
2020	183,605	816,749	1,000,354
2021	<u>75,502</u>	<u>512,423</u>	<u>587,925</u>
Total	<u>\$576,956</u>	<u>\$1,997,441</u>	<u>\$2,574,397</u>



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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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

**D. Actuarial Assumptions (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$4,176,420	\$3,154,544	\$2,299,192

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

## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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

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

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

The total pension liability in the June 30, 2016, 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, 2016, 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
<b>Total</b>	<b>100.00 %</b>	<b>7.61 %</b>

\* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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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, 2016. 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, 2016. 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, 2016.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$20,130,597	\$15,148,102	\$10,945,074

**E. Changes between Measurement Date and Report Date**

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School District's Net Pension Liability is expected to be significant.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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 2017, no percentage 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 (\$23,500 for 2017), 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, 2017, 2016, and 2015 were \$0, \$0, and \$11,574 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, 2017***

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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 2017, 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, 2017, 2016, and 2015 were \$0, \$0, and \$0 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, 2017**

**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, 2017 are as follows:

			Balance			Balance	Amount Due
			June 30, 2016	Additions	Deductions	June 30, 2017	Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2003	General Bond	3.5-4.9%	\$75,000	\$0	(\$35,000)	\$40,000	\$40,000
2011	Refunding Bond	1.9-4.0%	565,000	0	(70,000)	495,000	75,000
2012	Energy Conservation	1.75-4.0%	220,000	0	(20,000)	200,000	20,000
Total General Obligation Bonds			<u>860,000</u>	<u>0</u>	<u>(125,000)</u>	<u>735,000</u>	<u>135,000</u>
Net Pension Liability:							
State Teachers Retirement System			12,441,805	2,706,297	0	15,148,102	0
School Employees Retirement System			2,468,520	686,024	0	3,154,544	0
Total Net Pension Liability			<u>14,910,325</u>	<u>3,392,321</u>	<u>0</u>	<u>18,302,646</u>	<u>0</u>
Compensated Absences			719,242	646,433	(719,242)	646,433	13,848
Total Long-Term Obligations			<u>\$16,489,567</u>	<u>\$4,038,754</u>	<u>(\$844,242)</u>	<u>\$19,684,079</u>	<u>\$148,848</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, 2017, follows:

Years	General Obligation Bonds	
	Principal	Interest
2018	\$135,000	\$25,490
2019	95,000	21,433
2020	100,000	18,080
2021	105,000	14,340
2022	110,000	10,200
2023-2026	190,000	11,800
Totals	<u>\$735,000</u>	<u>\$101,343</u>

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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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 \$225,000 at June 30, 2017, 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, 2016	\$0
Current Year Set-Aside Requirement	192,608
Current Year Offset Credits	(92,408)
Qualifying Disbursements	<u>(138,186)</u>
Total	<u>(\$37,986)</u>
Balance Carried Forward to FY 2018	<u><u>\$0</u></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, 2017***

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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 and Technology Center* - The Mid-East Ohio Career and Technology 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 and Technology Center, Rick White, 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 2017.

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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, 2017***

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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 2017 the District contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
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, 2017***

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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, 2017, 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, 2017.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2016-2017 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 adjustments for fiscal year 2017 have been finalized. Management believes these adjustments do not materially impact the financial statements, therefore it has not been shown as an intergovernmental payable as of June 30, 2017.

**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	\$119,949
Nonmajor Governmental Funds	<u>176,679</u>
Total Governmental Funds	<u><u>\$296,628</u></u>

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017***

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#### **NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE**

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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

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***REQUIRED SUPPLEMENTAL INFORMATION***

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

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

Fiscal Year	State Teachers Retirement System			
	2013	2014	2015	2016
District's proportion of the net pension liability (asset)	0.04458654%	0.04458654%	0.04501853%	0.04525467%
District's proportionate share of the net pension liability (asset)	\$12,918,481	\$10,844,991	\$12,441,805	\$15,148,102
District's covered-employee payroll	\$4,473,431	\$4,458,169	\$4,830,986	\$4,976,143
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	288.78%	243.26%	257.54%	304.41%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%	72.10%	66.80%

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

Fiscal Year	School Employees Retirement System			
	2013	2014	2015	2016
District's proportion of the net pension liability (asset)	0.040922%	0.040922%	0.043261%	0.043100%
District's proportionate share of the net pension liability (asset)	\$2,433,500	\$2,071,040	\$2,468,520	\$3,154,544
District's covered-employee payroll	\$1,500,084	\$1,195,859	\$1,410,637	\$1,511,293
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	162.22%	173.18%	174.99%	208.73%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%	69.16%	62.98%

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 Four Fiscal Years***

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	<b>State Teachers Retirement System</b>			
Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$579,562	\$676,338	\$696,660	\$686,548
Contributions in relation to the contractually required contribution	<u>(579,562)</u>	<u>(676,338)</u>	<u>(696,660)</u>	<u>(686,548)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$4,458,169	\$4,830,986	\$4,976,143	\$4,903,914
Contributions as a percentage of covered-employee payroll	13.00%	14.00%	14.00%	14.00%

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

	<b>School Employees Retirement System</b>			
Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$165,746	\$185,922	\$211,581	\$192,768
Contributions in relation to the contractually required contribution	<u>(165,746)</u>	<u>(185,922)</u>	<u>(211,581)</u>	<u>(192,768)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$1,195,859	\$1,410,637	\$1,511,293	\$1,376,914
Contributions as a percentage of covered-employee payroll	13.86%	13.18%	14.00%	14.00%

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.

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

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***Notes to the Required Supplemental Information  
For the Fiscal Year Ended June 30, 2017***

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**SERS**

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.



**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program/Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Receipts</b>	<b>Total Federal Expenditures</b>
<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	10.553	2017	\$0	\$12,095	\$12,095
National School Lunch Program	10.555	2017	0	26,229	26,229
Non-Cash Assistance Subtotal			<u>0</u>	<u>38,324</u>	<u>38,324</u>
Cash Assistance:					
School Breakfast Program	10.553	2017	0	169,140	169,140
National School Lunch Program	10.555	2017	0	366,813	366,813
Cash Assistance Subtotal			<u>0</u>	<u>535,953</u>	<u>535,953</u>
Total Child Nutrition Cluster			<u>0</u>	<u>574,277</u>	<u>574,277</u>
Total U.S. Department of Agriculture			<u>0</u>	<u>574,277</u>	<u>574,277</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	2017	0	259,013	259,013
		2016	0	44,449	34,022
Title I, School Improvement		2017	0	926	926
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>304,388</u>	<u>293,961</u>
Special Education Cluster:					
Special Education Grants to States	84.027	2017	0	187,094	194,265
		2016	0	29,849	23,872
Total Special Education Grants to States			<u>0</u>	<u>216,943</u>	<u>218,137</u>
Special Education Preschool Grants	84.173	2017	0	5,225	5,504
		2016	0	494	267
Total Special Education Preschool Grants			<u>0</u>	<u>5,719</u>	<u>5,771</u>
Total Special Education Cluster			<u>0</u>	<u>222,662</u>	<u>223,908</u>
Twenty-First Century Community Learning Centers	84.287	2016	0	29,540	19,016
Title VI-B- Rural & Low Income	84.358	2017	0	35,971	35,971
		2016	0	721	0
Total Title VI-B- Rural & Low Income			<u>0</u>	<u>36,692</u>	<u>35,971</u>
Title II-A Improving Teacher Quality	84.367	2017	0	53,396	53,396
		2016	0	8,214	6,142
Total Improving Teacher Quality State Grants			<u>0</u>	<u>61,610</u>	<u>59,538</u>
Teacher Incentive Fund	84.374	2016	0	35,360	10,780
Teacher Incentive Fund-Payouts for FY15		2016	0	0	1,732
Total Teacher Incentive Fund			<u>0</u>	<u>35,360</u>	<u>12,512</u>
Total U.S. Department of Education			<u>0</u>	<u>690,252</u>	<u>644,906</u>
<b>Total Receipts and Expenditures of Federal Awards</b>			<u><b>\$0</b></u>	<u><b>1,264,529</b></u>	<u><b>\$1,219,183</b></u>

*The accompanying notes are an integral part of this schedule.*

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR PART 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Receipts and expenditures reported on the Schedule are reported on the cash basis of accounting. Expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – 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 D – 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, 2017, 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 12, 2018.

### ***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 opinion 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 report 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 12, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the 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) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

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

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for the District's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

***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 the Uniform Guidance, 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

March 12, 2018

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
JUNE 30, 2017**

**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 weaknesses in internal control 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 weaknesses in internal control 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 2 CFR Part 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Program (list): <ul style="list-style-type: none"> <li>• Title I Grants to Local Educational Agencies – CFDA # 84.010</li> </ul>	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR Part 200.520?	Yes

**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



Matthew Sheridan, Superintendent

Robert D. Ogg, Jr., CPA, Treasurer

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR PART 200.511(b)**  
**June 30, 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Material Weakness – During 2014 the District failed to properly classify and report certain financial activity in accordance with generally accepted accounting principles.	Fully Corrected	





# 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 22, 2018**