

**Carrollton Exempted Village  
School District**

**Financial Statements**

**June 30, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Carrollton Exempted Village School District  
252 Third Street NE  
Carrollton, Ohio 44615-1236

We have reviewed the *Independent Auditor's Report* of the Carrollton Exempted Village School District, Carroll County, prepared by S.R. Snodgrass, A.C. CPA's, for the audit period July 1, 2005 to June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 23, 2007

**This Page is Intentionally Left Blank.**

# CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

## Table of Contents

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Changes in Fund Balances of Governmental Funds to State of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Food Service Fund	17
State of Fund Net Assets – Proprietary Funds	18
State of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Assets and Liabilities – Agency Fund	21
Notes to the Basic Financial Statements	22-43
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	44
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	45
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48

**This Page is Intentionally Left Blank.**



November 30, 2006

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, OH 44615

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Carrollton Exempted Village School District (the "District"), Carroll County, Ohio as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Carrollton Exempted Village School District, Carroll County, Ohio as of June 30, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2006 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting of principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.



We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*S. R. Snodgrass, A.C.*

S.R. Snodgrass, A.C.  
Steubenville, Ohio



**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*

---

The discussion and analysis of the Carrollton Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2006 are as follows:

- General Revenues accounted for \$17,689,088 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$4,137,204 or 19 percent of total revenues of \$21,826,292.
- Total program expenses were \$21,912,812.
- In total, net assets decreased \$86,580, which represents a 1 percent decrease from 2005.

***Using this Annual Report***

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

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

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

*Statement of Net Assets and the Statement of Activities*

A question typically asked about the School District's finances "How did we do financially during fiscal year 2006?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

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

In the *State of Net Assets* and the *Statement of Activities*, Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and non-instrumental services, i.e., food service operations.

The government-wide financial statements begin on page 9.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and food service fund.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the food service fund, which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund and food service fund. Budgetary comparison statements have been provided for the general fund and the food service fund to demonstrate compliance with its budget.

The governmental fund financial statements begin on page 11.

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Proprietary Fund** – The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 17.

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

**Fiduciary Funds** – The School District's only fiduciary fund is for Student Managed Activities. The School District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. We exclude those activities from the School District's other financial statements because the assets can't be used by the District to finance operations. The fiduciary fund financial statements begin on page 20.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2006 compared to 2005:

<b>(Table 1)</b>		
<b>Net Assets</b>		
Governmental		
Activities		
	2006	2005
<b>Assets:</b>		
Current and other assets	\$ 9,115,396	\$ 9,585,996
Capital assets	<u>6,720,700</u>	<u>6,833,137</u>
<i>Total Assets</i>	<u>15,836,096</u>	<u>16,419,133</u>
<b>Liabilities:</b>		
Long-term liabilities	1,854,781	1,728,009
Other liabilities	<u>7,250,848</u>	<u>7,874,077</u>
<i>Total Liabilities</i>	<u>9,105,629</u>	<u>9,602,086</u>
<b>Net Assets:</b>		
Invested in capital assets, Net of debt	6,518,864	6,758,137
Restricted	61,478	85,498
Unrestricted (Deficit)	<u>150,125</u>	<u>(26,588)</u>
<b>Total Net Assets</b>	<u>\$ 6,730,467</u>	<u>\$ 6,817,047</u>

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2006

Total assets decreased by \$583,037. A decrease of \$112,437 in total capital assets reflects current year depreciation exceeding additional purchases. The majority of the decrease in assets is due to a decrease in taxes and intergovernmental receivable. Total liabilities decreased by \$496,457. This decrease was primarily the result of decreased deferred revenue.

Table 2 shows the changes in net assets for fiscal year 2006 and 2005. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2006	2005
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,199,650	\$ 1,142,261
Operating Grants	2,858,009	3,020,802
Capital Grants	79,545	81,700
<i>General Revenue:</i>		
Property Taxes	5,604,581	5,124,965
Grants and Entitlements	11,899,308	11,790,960
Other	185,199	157,878
<i>Total Revenues</i>	21,826,292	21,318,566
<b>Program Expenses</b>		
Instruction	12,558,700	11,585,261
Support Services	7,856,928	7,667,114
Operation of Non-Instructional	48,446	54,218
Food Service	954,734	968,865
Extracurricular Activities	488,712	463,742
Interest and Fiscal Charges	5,352	-
<i>Total Expenses</i>	21,912,872	20,739,200
Increase (Decrease) in Net Assets	\$ (86,580)	\$ 579,366

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental funds had total revenues of \$21,826,292 and expenditures of \$21,912,872.

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2006

**(Table 3)**  
**Governmental Activities**  
**Total Cost & Net Cost of Program Services**

	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Total Cost of Service	Total Cost of Service	Net Cost of Service	Net Cost of Service
Instruction	\$ 12,588,700	\$ 11,585,261	\$ (10,445,899)	\$ (9,424,803)
Support Services:				
Pupil and Instructional Staff	2,078,032	2,058,123	(1,147,178)	(1,230,146)
Board of Education, Administration, Fiscal and Business	2,211,530	2,022,256	(2,211,530)	(1,959,047)
Operation and Maintenance of Plant	1,886,605	1,960,286	(1,862,605)	(1,926,414)
Pupil Transportation	1,619,076	1,597,455	(1,590,666)	(1,528,546)
Central	61,685	28,994	(61,685)	(18,811)
Operation of Non-Instructional	48,446	54,218	(20,744)	(20,972)
Food Service	954,734	968,865	(55,672)	(57,945)
Extracurricular Activities	488,712	463,742	(374,337)	(327,753)
Interest and Fiscal Charges	<u>5,352</u>	<u>-</u>	<u>(5,352)</u>	<u>-</u>
Total Expenses	<u>\$ 21,912,872</u>	<u>\$ 20,739,200</u>	<u>\$ (17,775,668)</u>	<u>\$ (16,494,437)</u>

Instructions and student support services comprise 67 percent of governmental programs expenses.

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program expenses only account for 19 percent of all governmental expenses. Program revenues include charges for services and grants and contributions that are program specific. The community is the second largest area of support for the School District students.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2006, the School District did modify its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$19,191,958, equal to the original budget.

Final appropriations of \$19,354,320 were equal to the original budget.

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Capital Assets**

At the end of the fiscal year 2006, the School District had \$6,720,700 invested in land, buildings, equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared with 2005.

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

	Governmental Activities	
	2006	2005
Land	\$ 101,246	\$ 101,246
Land Improvements	925,485	974,402
Buildings and Building Improvements	3,513,390	3,611,302
Improvements Other Than Buildings	109,814	116,452
Furniture and Equipment	133,520	136,019
Machinery and Equipment	704,801	703,977
Vehicles	1,232,444	1,189,739
Totals	\$ 6,720,700	\$ 6,833,137

The \$112,437 decrease in capital assets was attributable to current year depreciation exceeding additional purchases.

Ohio law requires school districts to set aside 3 percent of certain revenues for capital improvements and an additional 3 percent for textbooks. For fiscal year 2006, this amounted to \$402,801 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements and textbooks.

**Current Issues**

The Carrollton Exempted Village School District does not receive strong support from the residents of the School District in the form of local tax issues. The last operating levy passed by the residents of the School District was in November 1976. Numerous bond issues and one permanent improvement levy in recent years all were voted down by approximately 60 percent.

The School District currently has an effective total local tax millage of 20 mills, which is the lowest allowed by law. Under current state budget legislation for school funding, the school district is expected to receive \$1,000,000 in charge-off supplement from the state in fiscal year 2006. This supplement is intended to counteract the affect of current funding legislation that assumes each district brings in 23 mills of local taxation. This funding piece would require the School District to surpass the \$1,000,000 mark on an operating levy before the School District would see an increase in total revenue. This is due to the fact that as the School District brings the money in locally, the state will reduce the supplement amount.

**Carrollton Exempted Village School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. With these challenges along with the state funding challenges, planning for meeting growing costs has become a concern. This has been made increasingly difficult with mandates in gifted education, rising utility and bus fuel costs, increased special education services required for the School District's students, and significant increases in health insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Carrollton Exempted Village School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. Another School District concern will be the State Legislative approval of the biennial budget, effective July 1, 2007. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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

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

**Carrollton Exempted Village School District**  
*Statement of Net Assets*  
*June 30, 2006*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,085,964
Cash and Cash Equivalents with Fiscal Agents	1,307,100
Taxes Receivable	4,148,550
Accounts Receivable	2,680
Intergovernmental Receivable	147,460
Prepaid Items	280,290
Inventory Held for Resale	4,059
Materials and Supplies Inventory	139,293
Non-Depreciable Capital Assets	101,246
Depreciable Capital Assets (Net)	6,619,454
<i>Total Assets</i>	<u>15,836,096</u>
<b>Liabilities</b>	
Accounts Payable	15,764
Accrued Wages and Benefits	2,011,726
Intergovernmental Payable	589,971
Accrued Vacation Payable	38,507
Deferred Revenue	3,897,622
Matured Compensated Absences Payable	10,526
Claims Payable	686,732
Long-Term Liabilities:	
Due Within One Year	250,403
Due in More Than One Year	1,604,378
<i>Total Liabilities</i>	<u>9,105,629</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	6,518,864
Restricted for Other Purposes	61,478
Unrestricted	150,125
<i>Total Net Assets</i>	<u>\$ 6,730,467</u>

See accompanying notes to the basic financial statements



**Carrollton Exempted Village School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense)	
	Charges for	Operating	Capital	Revenue and	
	Services	Grants and	Grants and	Changes	
<u>Expenses</u>	<u>and Sales</u>	<u>Contributions</u>	<u>Contributions</u>	<u>in Net Assets</u>	
<b>Governmental Activities</b>				<b>Governmental</b>	
				<b>Activities</b>	
Instructions:					
Regular	\$ 9,527,757	\$ 690,641	\$ 202,838	\$32,512	\$ (8,601,766)
Special	2,346,639	32,513	1,108,807	-	(1,205,319)
Vocational	263,155	-	45,490	-	(217,665)
Other	421,149	-	-	-	(421,149)
Support Services:					
Pupils	927,623	-	239,084	-	(688,539)
Instructional Staff	1,150,409	-	691,770	-	(458,639)
Board of Education	38,304	-	-	-	(38,304)
Administration	1,534,585	-	-	-	(1,534,585)
Fiscal	512,335	-	-	-	(512,335)
Business	126,306	-	-	-	(126,306)
Operation and Maintenance of Plant	1,886,605	-	-	24,000	(1,862,605)
Pupil Transportation	1,619,076	5,377	-	23,033	(1,590,666)
Central	61,685	-	-	-	(61,685)
Operation of Non-Instructional Services:					
Food Service Operations	954,734	339,807	559,255	-	(55,672)
Community Services	48,446	22,606	5,096	-	(20,744)
Extracurricular Activities	488,712	108,706	5,669	-	(374,337)
Interest and Fiscal Charges	<u>5,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,352)</u>
<i>Total Governmental Activities</i>	<u>\$21,912,872</u>	<u>\$1,199,650</u>	<u>\$2,858,009</u>	<u>\$79,545</u>	<u>\$(17,775,668)</u>
<b>General Revenues</b>					
Property Taxes Levied for General Purposes					5,604,581
Grants and Entitlements not Restricted to Specific Programs					11,899,308
Investment Earnings					109,020
Miscellaneous					<u>76,179</u>
<i>Total General Revenues</i>					<u>17,689,088</u>
<i>Change in Net Assets</i>					(86,580)
<i>Net Assets Beginning of Year</i>					<u>6,817,047</u>
<i>Net Assets End of Year</i>					<u>\$ 6,730,467</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2006*

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,949,797	\$ 71,177	\$ 59,026	\$ 3,080,000
Taxes Receivable	4,148,550	-	-	4,148,550
Accounts Receivable	2,046	73	561	2,680
Intergovernmental Receivable	5,118	-	142,342	147,460
Prepaid Items	261,326	18,964	-	280,290
Inventory Held for Resale	-	4,059	-	4,059
Materials and Supplies Inventory	<u>139,293</u>	<u>-</u>	<u>-</u>	<u>139,293</u>
<i>Total Assets</i>	<u>\$ 7,506,130</u>	<u>\$ 94,273</u>	<u>\$ 201,929</u>	<u>\$ 7,802,332</u>
<b>Liabilities</b>				
Accounts Payable	\$ 15,764	\$ -	\$ -	\$ 15,764
Accrued Wages and Benefits	1,791,329	77,503	142,894	2,011,726
Intergovernmental Payable	539,169	32,794	18,008	589,971
Deferred Revenue	3,928,550	-	-	3,928,550
Matured Compensated Absences Payable	<u>10,526</u>	<u>-</u>	<u>-</u>	<u>10,526</u>
<i>Total Liabilities</i>	<u>6,285,338</u>	<u>110,297</u>	<u>160,902</u>	<u>6,556,537</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	238,425	-	149,252	387,677
Reserved for Property Taxes	220,000	-	-	220,000
Unreserved, Undesignated, Reported in:				
General Fund	762,367	-	-	762,367
Special Revenue Funds	<u>-</u>	<u>(16,024)</u>	<u>(108,225)</u>	<u>(124,249)</u>
<i>Total Fund Balances</i>	<u>1,220,792</u>	<u>(16,024)</u>	<u>41,027</u>	<u>1,245,795</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,506,130</u>	<u>\$ 94,273</u>	<u>\$ 201,929</u>	<u>\$ 7,802,332</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2006*

---

Total Governmental Fund Balances		\$ 1,245,795
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,720,700
Delinquent property taxes are not available to pay for current-period expenditures and therefore are deferred in the funds.		30,928
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		626,332
Long-term liabilities, including capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Vacation Payable	\$ (38,507)	
Compensated Absences	(1,652,945)	
Capital Lease Payable	<u>(201,836)</u>	
Total		<u>(1,893,288)</u>
 Net Assets of Governmental Activities		 <u>\$ 6,730,467</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2006*

	<u>General</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property and Other Local Taxes	\$ 5,596,304	\$ -	\$ -	\$ 5,596,304
Intergovernmental	12,539,516	559,255	1,727,326	14,826,097
Interest	109,020	-	-	109,020
Tuition and Fees	725,492	-	349	725,841
Rent 3,013	-	-	3,013	-
Extracurricular Activities	8,518	-	117,660	126,178
Gifts and Donations	4,750	-	6,015	10,765
Charges for Services	4,811	339,807	-	344,618
Miscellaneous	74,788	73	469	75,330
<i>Total Revenues</i>	<u>\$ 19,066,212</u>	<u>\$ 899,135</u>	<u>\$ 1,851,819</u>	<u>\$ 21,817,166</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,132,490	-	112,252	9,244,742
Special	1,769,581	-	546,061	2,315,642
Vocational	258,675	-	-	258,675
Other	421,149	-	-	421,149
Support Services:				
Pupils	667,835	-	256,913	924,748
Instructional Staff	369,426	-	767,886	1,137,312
Board of Education	38,304	-	-	38,304
Administration	1,436,291	-	69,412	1,505,703
Fiscal	513,095	-	-	513,095
Business	65,693	-	-	65,693
Operation and Maintenance of Plant	1,808,656	-	24,000	1,832,656
Pupil Transportation	1,621,323	-	-	1,621,323
Central	61,685	-	-	61,685
Operation of Non-Instructional Services:				
Food Service Operations	57	948,021	-	948,078
Community Services	21,171	-	26,838	48,009
Extracurricular Activities	322,611	-	114,073	436,684
Capital Outlay	200,963	-	-	200,963
Debt Service:				
Principal Retirement	41,901	-	-	41,901
Interest	5,352	-	-	5,352
<i>Total Expenditures</i>	<u>\$ 18,756,258</u>	<u>\$ 948,021</u>	<u>\$ 1,917,435</u>	<u>\$ 21,621,714</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>309,954</u>	<u>(48,886)</u>	<u>(65,616)</u>	<u>195,452</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	71,200	-	71,200
Proceeds from Sale of Fixed Assets	849	-	-	849
Inception of Capital Lease	168,737	-	-	168,737
Transfers Out	(71,200)	-	-	(71,200)
<i>Total Other Financing Sources (Uses)</i>	<u>98,386</u>	<u>71,200</u>	<u>-</u>	<u>169,586</u>
<i>Net Change in Fund Balances</i>	408,340	22,314	(65,616)	365,038
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>812,452</u>	<u>(38,338)</u>	<u>106,643</u>	<u>880,757</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,220,792</u>	<u>\$ (16,024)</u>	<u>\$ 41,027</u>	<u>\$ 1,245,795</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2006*

Net Change in Fund Balances – Total Governmental Funds \$ 365,038

***Amounts reported for governmental activities in the statement of activities are difference 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 outlay in the current period.

Capital Asset Additions	\$ 427,042	
Current Year Depreciation	<u>(488,106)</u>	
 Total		 (61,064)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (51,373)

Delinquent property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 8,277

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 41,901

Proceeds of capital lease transactions are recorded as revenues in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (168,737)

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

Accrued Vacation Payable	(5,714)	
Compensated Absences	<u>64</u>	
 Total		 (5,650)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of internal service fund is allocated among the governmental activities. (214,972)

Change in Net Assets of Governmental Activities \$ (86,580)

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance – Budget (Non – GAAP Basis) and Actual*  
*General Funds*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with
	Original	Positive Final		(Negative)
<b>Revenues</b>				
Property and Other Local Taxes	\$ 4,576,500	\$ 4,576,500	\$ 5,585,204	\$ 1,008,704
Intergovernmental	13,520,231	13,520,231	12,577,591	(942,640)
Interest	116,970	116,970	108,815	(8,155)
Tuition and Fees	779,865	779,865	725,492	(54,373)
Rent	3,239	3,239	3,013	(226)
Extracurricular Activities	9,060	9,060	8,428	(632)
Gifts and Donations	5,106	5,106	4,750	(356)
Charges for Services	5,172	5,172	4,811	(361)
Miscellaneous	13,196	13,196	12,276	(920)
<i>Total Revenues</i>	<u>\$ 19,029,339</u>	<u>\$ 19,029,339</u>	<u>\$ 19,030,380</u>	<u>\$ 1,041</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,330,586	9,330,586	9,296,655	33,931
Special	1,938,338	1,938,338	1,931,289	7,049
Vocational	264,645	264,645	263,683	962
Other	419,810	419,810	418,283	1,527
Support Services:				
Pupils	682,197	682,197	679,716	2,481
Instructional Staff	381,242	381,242	379,856	1,386
Board of Education	38,703	38,703	38,562	141
Administration	1,462,146	1,462,146	1,456,829	5,317
Fiscal	518,312	518,312	516,427	1,885
Business	89,271	89,271	88,946	325
Operation and Maintenance of Plant	1,856,951	1,856,951	1,850,198	6,753
Pupil Transportation	1,733,080	1,733,080	1,726,778	6,302
Central	34,207	34,207	34,083	124
Operation of Non-Instructional Services:				
Community Services	21,168	21,168	21,091	77
Extracurricular Activities	321,365	321,365	320,196	1,169
Capital Outlay	68,480	68,480	68,231	249
<i>Total Expenditures</i>	<u>19,160,501</u>	<u>19,160,501</u>	<u>19,090,823</u>	<u>69,678</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(131,162)</u>	<u>(131,162)</u>	<u>(60,443)</u>	<u>70,719</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets	-	-	849	849
Refund of Prior Year Expenditures	40,000	40,000	62,792	22,792
Other Financing Uses	(59,979)	-	-	-
Transfers Out	(130,000)	(71,200)	(71,200)	-
Advances In	100,000	122,619	122,619	-
Advances Out	(100,000)	(122,619)	(122,619)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(149,979)</u>	<u>(31,200)</u>	<u>(7,559)</u>	<u>23,641</u>
<i>Net Change in Fund Balance</i>	(281,141)	(162,362)	(68,002)	94,360
<i>Fund Balance Beginning of Year</i>	2,658,017	2,658,017	2,658,017	-
<i>Prior Year Encumbrances Appropriated</i>	106,107	106,107	106,107	-
<i>Fund Balance End of Year</i>	<u>\$ 2,482,983</u>	<u>\$ 2,601,762</u>	<u>\$ 2,696,122</u>	<u>\$ 94,360</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance – Budget (Non – GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 521,000	\$ 510,834	\$ 509,958	\$ (876)
Charges for Services	<u>384,061</u>	<u>339,018</u>	<u>339,825</u>	<u>807</u>
<i>Total Revenues</i>	<u>905,061</u>	<u>849,852</u>	<u>849,783</u>	<u>(69)</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations	<u>924,859</u>	<u>929,104</u>	<u>914,632</u>	<u>14,472</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(19,798)</u>	<u>(79,252)</u>	<u>(64,849)</u>	<u>14,403</u>
<b>Other Financing Sources</b>				
Transfers In	<u>20,000</u>	<u>71,200</u>	<u>71,200</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	202	(8,052)	6,351	14,403
<i>Fund Balance Beginning of Year</i>	<u>64,826</u>	<u>64,826</u>	<u>64,826</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 65,028</u>	<u>\$ 56,774</u>	<u>\$ 71,177</u>	<u>\$ 14,403</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Fund Net Assets*  
*Proprietary Fund*  
*June 30, 2006*

---

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,964
Cash and Cash Equivalents with Fiscal Agents	<u>1,307,100</u>
<i>Total Assets</i>	<u>1,313,064</u>
<b>Liabilities</b>	
Claims Payable	<u>686,732</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 626,332</u>

See accompanying notes to the basic financial statements



**Carrollton Exempted Village School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2006*

---

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenue</b>	
Charges for Services	\$ <u>3,213,452</u>
<b>Operating Expenses</b>	
Purchased Services	1,314,004
Claims	<u>2,152,106</u>
<i>Total Operating Expenses</i>	<u>3,466,110</u>
<i>Operating Loss</i>	<u>(252,658)</u>
<b>Non-Operating Revenue</b>	
Interest	<u>37,686</u>
<i>Net Change in Net Assets</i>	(214,972)
<i>Net Assets Beginning of Year</i>	<u>841,304</u>
<i>Net Assets End of Year</i>	<u>\$ 626,332</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Governmental Activities - Internal Service Fund</u>
<i>Decrease in Cash and Cash Equivalents</i>	
<b>Cash Flows From Operating Activities</b>	
Cash Received for Interfund Services	\$ 3,213,452
Cash Paid for Goods and Services	(1,314,004)
Cash Paid for Claims	<u>(2,048,842)</u>
<i>Net Cash Used by Operating Activities</i>	<u>(149,394)</u>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	<u>37,686</u>
<i>Net Decrease in Cash Equivalents</i>	(111,708)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,424,772</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,313,064</u>
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</b>	
Operating Loss	\$ (252,658)
Adjustments:	
Increase in Claims Payable	<u>103,264</u>
<i>Net Cash Used by Operating Activities</i>	<u>\$ (149,394)</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2006*

---

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 49,694</u>
<b>Liabilities</b>	
Due to Students	<u>\$ 49,694</u>

See accompanying notes to the basic financial statements

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

---

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

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

The School District was established in 1867 with the construction of a six-room schoolhouse. The School District serves an area of approximately 297 square miles. It is located in Carroll County, and includes all of the Village of Carrollton. The School District is the 164<sup>th</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 119 classified employees and 176 certificated employees who provide services to 2,727 students and other community members. The School District currently operates eight instructional buildings, two administrative buildings and one bus garage.

***Reporting Entity***

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

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

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

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and its internal service funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District’s accounting policies.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**A. Basic of Presentation**

The School District’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

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

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

**B. Fund Accounting**

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***General***

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

***Food Service Fund*** The food service fund accounts for the financial transactions related to the food service operations of the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

***Internal***

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

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

***C. Measurement Focus***

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives values without directly giving equal value in return, include property taxes, grants entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

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

**E. Budgetary Process**

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

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

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2006, investments were limited to overnight repurchase agreements and STAROhio.

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



**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a4 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$109,020, which included \$4,942 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

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

Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

**I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold for \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	10 – 45 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	5 – 10 Years
Vehicles	5 – 10 Years

***J. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employee who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

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

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

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***L. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities and grants.

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

***M. Fund Balance Reserves***

The School District reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves have been established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

***N. Interfund Activity***

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

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

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

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

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Q. Estimates***

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

**Note 3 – Accountability**

Fund balances at June 30, 2006 included the following individual fund deficits:

Food Service	\$ (16,024)
EMIS	(60)
Poverty Based Assistance	(676)
VIB	(68,228)
Title I	(5,511)
HC Preschool	(340)
Title II A	(2,031)

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

**Note 4 – Changes in Accounting Principle**

For the year ended June 30, 2006, the School District has implemented GASB Statement No. 42, “*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*”, GASB Statement No. 46, “*Net Assets Restricted by Enabling Legislation*”, and Statement No 47, “*Accounting for Termination Benefits*”.

Statement No. 42 established accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 46 established that any amount of the primary government’s net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements. At June 30, 2006, none of the School District’s net assets were restricted by enabling legislation.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all terminated benefits without limitation as to the period of time during which the benefits are offered.

The implementation of the GASB statements did not have an effect on the financial statements of the School District.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

**Note 5 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general and food service funds.

**Net Change in Fund Balance**

	<u>General</u>	<u>Food Service</u>
GAAP Basis	\$ 408,340	\$ 22,314
Net Adjustment for Revenue Accruals	(19,158)	(49,352)
Net Adjustment for Expenditure Accruals	(203,509)	33,389
Adjustment for Encumbrances	<u>(253,675)</u>	<u>-</u>
Budget Basis	<u>\$ (68,002)</u>	<u>\$ 6,351</u>

**Note 6 – Deposits and Investments**

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

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 6 – Deposits and Investments (Continued)**

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

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

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

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 6 – Deposit and Investments (Continued)**

According to State law, public depositors must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not required security for public deposits and investments to be maintained in the School District’s name. During 2006, the School District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

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

At fiscal year-end, the carrying amount of the School District’s deposits was \$2,159,535, which includes \$100 of cash on hand. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of June 30, 2006, \$2,625,769 of the School District’s bank balance of \$2,725,769 was exposed to custodial risk as discussed above, while \$100,000 was covered by Federal Deposit Insurance Corporation.

***Investments***

As of June 30, 2006, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>
STAROhio	\$ 39,522	\$ 39,522	\$ -	\$ -	\$ -
Repurchase Agreement	<u>936,601</u>	<u>936,601</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 976,123</u>	<u>\$ 976,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

***Credit Risk.*** The School District’s investment in STAROhio has been given an AAA rating by Standard & Poor’s. The repurchase agreement is unrated.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 6 – Deposit and Investments (Continued)**

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 39,522	4.05%
Repurchase Agreement	<u>936,601</u>	<u>95.95%</u>
Total	<u>\$ 976,123</u>	<u>100.00%</u>

**Funds Held by Fiscal Agent**

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The bank balance at fiscal year end for the employee benefit self-insurance fund was \$1,037,100. All benefit deposits are made to the consortium’s depository account. Collateral is held by qualified third-party trustee in the name of the consortium.

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2006 represents collections of calendar 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 if true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually.



**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 7 – Property Taxes (Continued)**

If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Carroll County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$220,000 in the general fund. The amount available as an advance at June 30, 2005, was \$208,900 in the general fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 238,765,080	85.50%	\$ 242,628,920	85.00%
Public Utility Personal	30,208,420	10.82%	32,336,440	11.33%
Tangible Personal Property	10,290,560	3.68%	10,471,400	3.67%
Total Assessed Values	\$ 279,264,060	100.00%	\$ 285,436,760	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 29.40		\$ 29.40	

**Note 8 – Receivables**

Receivables at June 30, 2006, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/06</u>
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 101,246	\$ -	\$ -	\$ 101,246
<i>Capital Assets being depreciated</i>				
Land Improvements	1,342,603	4,800	-	1,347,403
Buildings and Building Improvements	7,263,736	5,728	-	7,269,464
Improvements Other Than Buildings	169,150	-	-	169,150
Furniture and Fixtures	186,870	9,029	-	195,899
Machinery and Equipment	1,876,352	205,154	(96,126)	1,985,380
Vehicles	<u>2,406,212</u>	<u>202,331</u>	<u>(117,820)</u>	<u>2,490,723</u>
<i>Total Capital Assets being depreciated</i>	<u>13,244,923</u>	<u>427,042</u>	<u>(213,946)</u>	<u>13,458,019</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(368,201)	(53,717)	-	(421,918)
Buildings and Building Improvements	(3,652,434)	(103,640)	-	(3,756,074)
Improvements Other Than Buildings	(52,698)	(6,638)	-	(59,336)
Furniture and Fixtures	(50,851)	(11,528)	-	(62,379)
Machinery and Equipment	(1,172,375)	(158,957)	50,753	(1,280,579)
Vehicles	<u>(1,216,473)</u>	<u>(153,626)</u>	<u>111,820</u>	<u>(1,258,279)</u>
<i>Total Accumulated Depreciation</i>	<u>(6,513,032)</u>	<u>(488,106) *</u>	<u>162,573</u>	<u>(6,838,565)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>6,731,891</u>	<u>(61,064)</u>	<u>(51,373)</u>	<u>6,619,454</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 6,833,137</u>	<u>\$ (61,064)</u>	<u>\$ (51,373)</u>	<u>\$ 6,720,700</u>

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 9 – Capital Assets (Continued)**

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

Regular	\$ 157,507
Special	9,511
Vocational	1,664
Support Services:	
Pupils	3,506
Instructional Staff	2,781
Administration	3,563
Fiscal	1,317
Business	13,227
Operation and Maintenance of Plant	76,978
Pupil Transportation	157,092
Operation of Non-Instructional Services:	
Food Service Operations	2,849
Community Services	437
Extracurricular Activities	<u>57,674</u>
 Total Depreciation	 <u>\$ 488,106</u>

**Note 10 – Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2006, the School District contracted with the Ohio School Plan for property and liability insurance coverage as follows:

<u>Coverage</u>	<u>Amount</u>
General Liability:	
Occurrence	\$ 1,000,000
Aggregate	3,000,000
Excess Coverage	1,000,000
Building and Contents	31,058,670
Steam Boiler	3,000,000
Automobile Liability	1,000,000

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 10 – Risk Management (Continued)**

**B. Employee Medical Benefits**

Medical and surgical insurance is offered to all employees, and dental insurance is offered to certificated employees through a self insurance internal service fund. The School District is a member of the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$686,732 reported in the internal service fund at June 30, 2006, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standard Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2006 and 2005 are as follows:

	<u>Balance</u>	<u>Current</u>	<u>Claims</u>	<u>Balance</u>
	<u>Beginning of Year</u>	<u>Year Claims</u>	<u>Payments</u>	<u>End of Year</u>
2005	\$ 606,286	\$ 1,642,552	\$ 1,665,370	\$ 583,468
2006	\$ 583,468	\$ 2,152,106	\$ 2,048,842	\$ 686,732

**Note 11 – Pension Plans**

**A. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 11 – Pension Plans (Continued)**

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

For fiscal year ended June 30, 2006, plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005 and 2004 were \$1,315,308, \$1,213,041 and \$1,282,992, respectively; 83 percent has been contributed for fiscal year 2006, and 100 percent for fiscal years 2005 and 2004.

***B. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.57 percent of annual covered salary was the portion used to fund pension obligations.. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$413,964, \$414,619 and \$409,944, respectively; 51 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**Note 12 – Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

**Note 12 – Postemployment Benefits (Continued)**

All retirees of the DC and Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equaled 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$90,025 for fiscal year 2006.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2005 (the latest information available), the balance in the fund was \$3.3 billion. For the year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$27,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$155,654.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Net expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,211,113. As of June 30, 2005 (the latest information available) the value of the health care fund was \$267.5 million which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projection, the allocated contributions will be insufficient in the long-term to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

**Note 13 – Other Employee Benefits**

**A. *Compensated Absences***

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

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

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 13 – Other Employee Benefits (Continued)**

**B. Life Insurance**

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

**Note 14 – Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2006 were as follows:

	Principal Outstanding			Principal Outstanding	Amounts Due Within One Year
	<u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/06</u>	
<b>Governmental Activities</b>					
Compensated Absences	\$ 1,653,009	\$ 135,507	\$ (135,571)	\$ 1,652,945	\$ 194,041
Capital Lease Payable	<u>75,000</u>	<u>168,737</u>	<u>(41,901)</u>	<u>201,836</u>	<u>56,362</u>
<b>Total General Long-Term Obligations</b>	<u>\$ 1,728,009</u>	<u>\$ 304,244</u>	<u>\$ (177,472)</u>	<u>\$ 1,854,781</u>	<u>\$ 250,403</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the general fund, which has been the practice in prior years.

**Note 15 – Capital Leases**

During 2004, the School District entered into a zero-interest capitalized lease for an athletic center. During fiscal year 2006, the School District entered into a capitalized lease for six copiers. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets acquired by the leases have been capitalized in the amount of \$293,737. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Statement of Net Assets. Principal payments in fiscal year 2006 totaled \$41,901 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2006.

Fiscal Year Ended June 30,		<u>Amount</u>
2007		\$ 63,148
2008		63,148
2009		38,148
2010		38,148
2011		<u>16,782</u>
		219,374
Less: amount representing interest		<u>17,538</u>
Present Value of Net Minimum Lease Payments		<u>\$ 201,836</u>

**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2006

**Note 16 – Interfund Transfers**

During the fiscal year, the general fund transferred \$71,200 to the food service fund to provide additional resources for current operations.

**Note 17 – Jointly Governed Organization**

Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District’s continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952. The School District made contributions of \$80,019 for fiscal year 2006.

**Note 18 – Set Asides**

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

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

	Textbooks	Capital Improvements
Set-aside Reserved Balance as of June 30, 2005	\$ (1,025,161)	\$ -
Current Year Set-aside Requirement	402,801	402,801
Qualifying Disbursements	(319,789)	(466,708)
Totals	\$ (942,149)	\$ (63,907)
Set-aside Balance Carried Forward to Future Fiscal Years	\$ (942,149)	\$ -
Set-aside Reserve Balance as of June 30, 2006	\$ -	\$ -

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years.



**Carrollton Exempted Village School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2006*

---

---

**Note 19 – Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

**B. Litigation**

The School District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.



November 30, 2006

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, OH 44615

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrollton Exempted Village School District (the "District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entitites, and the Board of Education and is not intended to be and should not be used by anyone other than those specified parties.

*S. R. Snodgrass, A.C.*

S.R. Snodgrass, A.C.  
Steubenville, Ohio



November 30, 2006

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, Ohio 44615

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Compliance

We have audited the compliance of the Carrollton Exempted Village School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*S. R. Snodgrass, A. C.*

S.R. Snodgrass, A.C.  
Steubenville, Ohio

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
U.S. DEPARTMENT OF EDUCATION				
Passed through Ohio Department of Education				
Title I, Part A, ESEA	84.010	C1S1 – 2005	\$99,412	\$99,878
Elementary and Secondary Education Act		C1S1 – 2006	559,556	559,556
Total Title I			658,968	659,434
Special Education Cluster:				
Special Education Grants to States	84.027	6BSF – 2005	90,919	91,235
		6BSF – 2006	592,212	592,212
Special Education – Preschool Grants	84.173	PGS1 – 2005	7,073	7,081
		PGS1 – 2006	31,753	31,753
Total Special Education Cluster			721,957	722,281
Title V - Innovative Education Program Strategies	84.298	C2S1 – 2006	7,867	7,867
Title IV - Safe, Drug-Free Schools & Communities Act Grant	84.186	DRS1 – 2006	19,534	19,534
Title II-A Teacher Quality	84.367	TRS1 – 2005	35,817	35,842
		TRS1 – 2006	149,109	149,109
Total II-A Teacher Quality			184,926	184,951
Title II-D Technology	84.318	TJS1 – 2006	11,364	11,364
Total U.S. Department of Education			1,604,615	1,605,430
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education: Nutrition Cluster:				
School Breakfast Program	10.553	05PU – 2005	11,518	11,518
		05PU – 2006	106,205	106,205
			117,723	117,723
National School Lunch Program	10.555	LLP4 – 2005	44,797	44,797
		LLP4 – 2006	327,314	327,314
			372,111	372,111
Total U.S. Department of Agriculture - Nutrition Cluster			489,834	489,834
Total Federal Financial Assistance			2,094,449	2,095,264

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2006**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School Districts's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE 2: NUTRITION CLUSTER**

For the fiscal year ending June 30, 2006, the School District had no food commodities inventory. Reimbursement moneys are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
 CARROLL COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2006**

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

A-133 Ref.  
 .505 (d)

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section 510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list): Title I Special Education Cluster Nutrition Cluster	CFDA # 84.010 CFDA # 84.027 & 84.173 CFDA # 10.555 & 10.553
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**NONE**

**3. FINDINGS AND QUESTIONED COSTS FOR  
 FEDERAL AWARDS**

**NONE**

**4. SUMMARY SCHEDULE OF PRIOR AUDIT  
 FINDINGS AND CORRECTIVE ACTION PLAN**

**NONE**



**Mary Taylor, CPA**  
Auditor of State

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**CARROLL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 8, 2007**