



**CORY RAWSON LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**CORY-RAWSON LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Cory-Rawson Local School District  
Hancock County  
3930 County Road 26  
Rawson, Ohio 45881-9609

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Cory-Rawson Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2009, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cory-Rawson Local School District, Hancock County, Ohio, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparison of the General 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 January 26, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

January 26, 2010

Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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The discussion and analysis of Cory-Rawson Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Highlights**

Highlights for fiscal year 2009 are as follows:

In total, net assets decreased \$564,158, or almost 20 percent. This decrease resulted from a combination of factors including increases in salaries and benefits, retirement of the loan for the roof replacement, and some cash carryover spending.

General revenues were 84 percent of total revenues and continue to reflect the School District's significant dependence on taxes and unrestricted state entitlements.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Cory-Rawson Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the 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 a greater 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 a single column. For Cory-Rawson Local School District, the General Fund is the most significant fund.

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

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These 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 whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are presented as governmental activities, which include instruction, support services, non-instructional services, and extracurricular activities.

Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major fund is the General Fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008:

Table 1 Net Assets			
	Governmental Activities		
	2009	2008	Change
<b><u>Assets:</u></b>			
Current and Other Assets	\$2,655,458	\$3,351,075	(\$695,617)
Capital Assets, Net	2,476,666	2,486,516	(9,850)
Total Assets	<u>5,132,124</u>	<u>5,837,591</u>	<u>(705,467)</u>
<b><u>Liabilities:</u></b>			
Current and Other Liabilities	\$2,277,096	\$2,475,063	\$197,967
Long-Term Liabilities	532,287	475,629	(56,658)
Total Liabilities	<u>2,809,383</u>	<u>2,950,692</u>	<u>141,309</u>
<b><u>Net Assets:</u></b>			
	2,471,226	2,456,001	15,225
Invested in Capital Assets, Net of Related Debt	98,000	103,744	(5,744)
Restricted	(246,485)	327,154	(573,639)
Unrestricted (Deficit)	<u>\$2,322,741</u>	<u>\$2,886,899</u>	<u>(\$564,158)</u>



Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

A review of the above reveals several significant changes from the prior fiscal year. The decrease in current and other assets is the result of a decrease in cash and cash equivalents (due to salary and benefit increases and cash carryover spending), a decrease in income taxes receivable (the result of economic conditions), and a decrease in property taxes receivable (due to the State's phase out of this tax). The decrease in cash and cash equivalents and income taxes is also reflected in the decrease in unrestricted net assets. The decrease in the receivable for property taxes is offset by the decrease in current and other liabilities (related to the deferred portion of the receivable).

Table 2 reflects the changes in net assets for fiscal year 2009 and fiscal year 2008.

Table 2  
Change in Net Assets

	Governmental Activities		Change
	2009	2008	
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$524,658	\$521,213	\$3,445
Operating Grants, Contributions, and Interest	611,730	599,556	12,174
Capital Grants and Contributions	7,198	3,161	4,037
Total Program Revenues	<u>1,143,586</u>	<u>1,123,930</u>	<u>19,656</u>
<u>Revenues</u>			
General Revenues			
Property Taxes Levied for General Purposes	1,542,163	1,597,688	(55,525)
Property Taxes Levied for Permanent Improvements	79,926	83,134	(3,208)
Income Taxes Levied for General Purposes	1,326,771	1,373,912	(47,141)
Grants and Entitlements	2,981,789	2,903,202	78,587
Interest	11,093	48,741	(37,648)
Gifts and Donations	23,454	13,397	10,057
Miscellaneous	23,515	31,613	(8,098)
Total General Revenues	<u>5,988,711</u>	<u>6,051,687</u>	<u>(62,976)</u>
Total Revenues	<u>7,132,297</u>	<u>7,175,617</u>	<u>(43,320)</u>
<u>Expenses</u>			
Instruction:			
Regular	3,225,171	3,162,124	(63,047)
Special	643,919	666,781	22,862
Vocational	333,037	233,299	(99,738)
Support Services:			
Pupils	299,093	214,467	(84,626)
Instructional Staff	447,766	378,510	(69,256)
Board of Education	44,162	48,259	4,097
Administration	813,535	690,148	(123,387)
Fiscal	193,404	225,516	32,112
Operation and Maintenance of Plant	716,208	733,989	17,781
Pupil Transportation	372,953	374,819	1,866
Central	11,246	11,632	386

(continued)

Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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Table 2  
Change in Net  
Assets  
(continued)

Non-Instructional Services	294,957	281,187	(13,770)
Extracurricular Activities	300,391	309,180	8,789
Interest and Fiscal Charges	613	2,503	1,890
Total Expenses	<u>7,696,455</u>	<u>7,332,414</u>	<u>(364,041)</u>
Decrease in Net Assets	(564,158)	(156,797)	(407,361)
Net Assets at Beginning of Year	<u>2,886,899</u>	<u>3,043,696</u>	<u>(156,797)</u>
Net Assets at End of Year	<u><u>\$2,322,741</u></u>	<u><u>\$2,886,899</u></u>	<u><u>(\$564,158)</u></u>

Program revenues represent 16 percent of total revenues (same as fiscal year 2008) and primarily consist of tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues. General revenues are made up almost entirely of property taxes, income taxes, and unrestricted state entitlements. Total revenues remained very consistent with the prior fiscal year with a decrease of less than 1 percent.

Program expenses increased 5 percent from the prior fiscal year, most of which can be attributed to salary and benefit increases. As is to be expected, the major program expenses for governmental activities are for instruction, which account for 55 percent of all governmental expenses. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation accounted for over 14 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, 9 percent. Therefore, over 78 percent of the School District's expenses are directly related to the primary functions of providing facilities and delivering education.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$3,225,171	\$3,162,124	\$2,914,264	\$2,881,111
Special	643,919	666,781	240,259	274,098
Vocational	333,037	233,299	281,511	184,992
Support Services:				
Pupils	299,093	214,467	294,093	209,467
Instructional Staff	447,766	378,510	447,766	378,510
Board of Education	44,162	48,259	44,162	48,259
Administration	813,535	690,148	813,535	690,148
Fiscal	193,404	225,516	193,404	225,516
Operation and Maintenance of Plant	716,208	733,989	716,208	733,989
Pupil Transportation	372,953	374,819	363,600	369,267
Central	11,246	11,632	2,246	2,632
Non-Instructional Services	294,957	281,187	54,428	30,159
Extracurricular Activities	300,391	309,180	186,780	177,833
Interest and Fiscal Charges	613	2,503	613	2,503
Total Expenses	<u>\$7,696,455</u>	<u>\$7,332,414</u>	<u>\$6,552,869</u>	<u>\$6,208,484</u>

With the substantial contribution of general revenues for funding the School District's activities, only a limited number of activities receive much support from program revenues. Approximately 63 percent of special instruction costs are provided for through operating grants for special instruction programs. Almost 82 percent of non-instructional services costs were provided for through program revenues. This consists of cafeteria sales, and state and federal subsidies and donated commodities for food service operations, as well as for operating grants received on behalf of the parochial school located within the School District. Almost 38 percent of extracurricular activities costs are covered by program revenues. These consist of music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

### The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Revenues in the General Fund increased less than 2 percent from the prior fiscal year; however, expenditures increased 5 percent. This increase was generally due to salary and benefit increases. As a result, fund balance in the General Fund decreased over 100 percent.

### General Fund Budgeting Highlights

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

During fiscal year 2009, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues received were not significant. The same can be said for expenditures.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of fiscal year 2009, the School District had \$2,476,666 invested in capital assets (net of accumulated depreciation), a decrease of \$9,850, or less than 1 percent. The decrease is the result of depreciation expense exceeding capital asset additions. For further information regarding the School District's capital assets, refer to Note 11 to the basic financial statements.

#### **Debt**

At June 30, 2009, long-term obligations consisted of a tractor loan and compensated absences, in the amount of \$5,440 and \$526,847, respectively. For further information regarding the School District's long-term obligations, refer to Note 18 to the basic financial statements.

### **Current Issues**

The Cory-Rawson Local School District is a rural, agricultural community with very little industry; it is also the focal point of the community providing weekend sporting events and musical productions. A high percentage of people live and work here long-term and the community supports the School District throughout its many endeavors. A high percentage of the students participate in athletics, musicals, and other programs.

The School District developed a strategic plan in 2001 which included input from community members, students, staff, and administration. Some of these goals have been implemented while others are yet to be put into place.

The School District is in the second year of a three-year negotiated agreement with the teachers' union. Base salary increases of 3 percent were given for all three years of the contract (2008/2009, 2009/2010, and 2010/2011). Also, concessions were made to the health care package as significant increases in medical premiums are a concern; the Board of Education will continue to observe and work to address this issue.

The School District's negotiated agreement with the classified staff went into effect in October 2007 for two years. Base salary increases of 2.1 percent and 2 percent were given for the 2007/2008 and 2008/2009 school years, respectively. Also, several steps were added to each classified salary schedule. The classified staff have agreed to a salary and insurance premium freeze for fiscal year 2010.

The five-year forecast indicates that the School District began deficit spending in fiscal year 2008; the Board of Education's finance committee, the superintendent, and the treasurer meet on a quarterly basis to review this document and discuss options.

The School District passed a bond issue in November 2009 for a PreK-8 addition to the middle/high school building. The School District will be working with the Ohio School Facilities Commission on this building project.

Cory-Rawson Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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**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 reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sheila Hausknecht, Treasurer, Cory-Rawson Local School District, 3930 County Road 26, Rawson, Ohio 45881-9609.

Cory-Rawson Local School District  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$348,308
Accounts Receivable	9,033
Accrued Interest Receivable	1,898
Intergovernmental Receivable	64,486
Prepaid Items	9,623
Inventory Held for Resale	1,986
Materials and Supplies Inventory	778
Income Taxes Receivable	501,089
Property Taxes Receivable	1,545,428
Payment in Lieu of Taxes Receivable	172,829
Nondepreciable Capital Assets	42,390
Depreciable Capital Assets, Net	<u>2,434,276</u>
Total Assets	<u>5,132,124</u>
 <u>Liabilities:</u>	
Accounts Payable	30,462
Accrued Wages and Benefits Payable	702,282
Intergovernmental Payable	182,516
Matured Compensated Absences Payable	32,521
Deferred Revenue	1,329,315
Long-Term Liabilities:	
Due Within One Year	42,639
Due in More Than One Year	<u>489,648</u>
Total Liabilities	<u>2,809,383</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	2,471,226
Restricted For:	
Debt Service	1,728
Capital Projects	36,628
Other Purposes	59,644
Unrestricted (Deficit)	<u>(246,485)</u>
Total Net Assets	<u>\$2,322,741</u>

See Accompanying Notes to the Basic Financial Statements

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Cory-Rawson Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$3,225,171	\$283,445	\$27,462	
Special	643,919		403,660	
Vocational	333,037		51,526	
Support Services:				
Pupils	299,093		5,000	
Instructional Staff	447,766			
Board of Education	44,162			
Administration	813,535			
Fiscal	193,404			
Operation and Maintenance of Plant	716,208			
Pupil Transportation	372,953		2,155	\$7,198
Central	11,246		9,000	
Non-Instructional Services	294,957	144,558	95,971	
Extracurricular Activities	300,391	96,655	16,956	
Interest and Fiscal Charges	613			
Total Governmental Activities	<u>\$7,696,455</u>	<u>\$524,658</u>	<u>\$611,730</u>	<u>\$7,198</u>

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Permanent Improvements  
Income Taxes Levied for General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Gifts and Donations  
Miscellaneous  
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year  
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements



Net (Expense) Revenue  
and Change in Net Assets

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Governmental  
Activities

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(\$2,914,264)  
(240,259)  
(281,511)

(294,093)  
(447,766)  
(44,162)  
(813,535)  
(193,404)  
(716,208)  
(363,600)  
(2,246)  
(54,428)  
(186,780)  
(613)

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(6,552,869)

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1,542,163  
79,926  
1,326,771  
2,981,789  
11,093  
23,454  
23,515

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5,988,711

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(564,158)

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2,886,899

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\$2,322,741

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Cory-Rawson Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2009

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$254,987	\$87,951	\$342,938
Accounts Receivable	9,033		9,033
Accrued Interest Receivable	1,898		1,898
Intergovernmental Receivable	64,486		64,486
Interfund Receivable	5,411		5,411
Prepaid Items	9,475	148	9,623
Inventory Held for Resale		1,986	1,986
Materials and Supplies Inventory		778	778
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	5,370		5,370
Income Taxes Receivable	501,089		501,089
Property Taxes Receivable	1,466,762	78,666	1,545,428
Payment in Lieu of Taxes Receivable	172,829		172,829
Total Assets	<u>\$2,491,340</u>	<u>\$169,529</u>	<u>\$2,660,869</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$30,212	\$250	\$30,462
Accrued Wages and Benefits Payable	680,331	21,951	702,282
Intergovernmental Payable	171,675	10,841	182,516
Interfund Payable		5,411	5,411
Matured Compensated Absences Payable	32,521		32,521
Deferred Revenue	1,585,564	69,666	1,655,230
Total Liabilities	<u>2,500,303</u>	<u>108,119</u>	<u>2,608,422</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	176,000	9,000	185,000
Reserved for Bus Purchase	5,370		5,370
Reserved for Encumbrances	63,851	45,850	109,701
Unreserved, Reported in:			
General Fund (Deficit)	(254,184)		(254,184)
Special Revenue Funds (Deficit)		(13,897)	(13,897)
Debt Service Fund		1,728	1,728
Capital Projects Fund		18,729	18,729
Total Fund Balances (Deficit)	<u>(8,963)</u>	<u>61,410</u>	<u>52,447</u>
Total Liabilities and Fund Balances	<u>\$2,491,340</u>	<u>\$169,529</u>	<u>\$2,660,869</u>

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 June 30, 2009

Total Governmental Fund Balances \$52,447

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 2,476,666

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

Accounts Receivable	3,905	
Intergovernmental Receivable	36,849	
Income Taxes Receivable	81,219	
Property Taxes Receivable	31,113	
Payment in Lieu of Taxes Receivable	172,829	325,915

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Tractor Loan Payable	(5,440)	
Compensated Absences Payable	(526,847)	(532,287)

Net Assets of Governmental Activities \$2,322,741

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,587,298	\$82,240	\$1,669,538
Income Taxes	1,331,717		1,331,717
Payment in Lieu of Taxes	40,759		40,759
Intergovernmental	3,243,024	339,914	3,582,938
Interest	11,041	127	11,168
Tuition and Fees	281,021		281,021
Extracurricular Activities		96,655	96,655
Charges for Services		144,558	144,558
Gifts and Donations	12,274	30,294	42,568
Miscellaneous	9,171	14,344	23,515
Total Revenues	<u>6,516,305</u>	<u>708,132</u>	<u>7,224,437</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,113,379	43,620	3,156,999
Special	455,192	177,420	632,612
Vocational	314,968	13,970	328,938
Support Services:			
Pupils	318,705		318,705
Instructional Staff	435,944	4,795	440,739
Board of Education	44,162		44,162
Administration	757,908	28,256	786,164
Fiscal	184,905	1,795	186,700
Operation and Maintenance of Plant	693,154	33,716	726,870
Pupil Transportation	396,727		396,727
Central	5,727	5,519	11,246
Non-Instructional Services		282,128	282,128
Extracurricular Activities	168,393	115,597	283,990
Capital Outlay		30,000	30,000
Debt Service:			
Principal Retirement	3,854		3,854
Interest and Fiscal Charges	368	245	613
Total Expenditures	<u>6,893,386</u>	<u>737,061</u>	<u>7,630,447</u>
Excess of Revenues			
Under Expenditures	<u>(377,081)</u>	<u>(28,929)</u>	<u>(406,010)</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	500		500
Transfers In		47,828	47,828
Transfers Out	(44,278)	(3,550)	(47,828)
Total Other Financing Sources (Uses)	<u>(43,778)</u>	<u>44,278</u>	<u>500</u>
Changes in Fund Balances	(420,859)	15,349	(405,510)
Fund Balances at Beginning of Year	411,896	46,061	457,957
Fund Balances (Deficit) at End of Year	<u>(\$8,963)</u>	<u>\$61,410</u>	<u>\$52,447</u>

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2009

Changes in Fund Balances - Total Governmental Funds (\$405,510)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on 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 fiscal year:

Capital Outlay	178,571	
Depreciation	<u>(187,167)</u>	(8,596)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(500)	
Loss on Disposal of Capital Assets	<u>(754)</u>	(1,254)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	(47,449)	
Income Taxes	(4,946)	
Payment in Lieu of Taxes	(40,759)	
Intergovernmental	(1,410)	
Tuition and Fees	<u>2,424</u>	(92,140)

Repayment of principal is an expenditure in governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 3,854

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (60,512)

Change in Net Assets of Governmental Activities (\$564,158)

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,460,161	\$1,449,046	\$1,476,076	\$27,030
Income Taxes	1,400,000	1,400,000	1,402,439	2,439
Payment in Lieu of Taxes	50,000	50,000	40,759	(9,241)
Intergovernmental	3,233,041	3,278,306	3,241,595	(36,711)
Interest	50,000	50,000	12,627	(37,373)
Tuition and Fees	261,200	274,945	281,021	6,076
Gifts and Donations	6,400	6,400	12,274	5,874
Miscellaneous	3,900	3,900	4,635	735
Total Revenues	<u>6,464,702</u>	<u>6,512,597</u>	<u>6,471,426</u>	<u>(41,171)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,159,799	3,171,505	3,149,326	22,179
Special	492,707	487,196	470,425	16,771
Vocational	242,397	314,468	315,408	(940)
Support Services:				
Pupils	226,888	314,755	292,512	22,243
Instructional Staff	424,862	417,965	439,582	(21,617)
Board of Education	62,721	62,721	74,812	(12,091)
Administration	690,021	675,683	745,568	(69,885)
Fiscal	207,132	205,328	184,556	20,772
Operation and Maintenance of Plant	794,162	793,714	708,724	84,990
Pupil Transportation	410,734	410,571	430,903	(20,332)
Central	2,800	2,800	5,727	(2,927)
Extracurricular Activities	169,519	169,519	168,708	811
Total Expenditures	<u>6,883,742</u>	<u>7,026,225</u>	<u>6,986,251</u>	<u>39,974</u>
Excess of Revenues				
Under Expenditures	<u>(419,040)</u>	<u>(513,628)</u>	<u>(514,825)</u>	<u>(1,197)</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets			500	500
Refund of Prior Year Expenditures			451	451
Advances In			144,702	144,702
Advances Out		(105,157)	(140,446)	(35,289)
Transfers Out	(78,700)	(78,700)	(44,278)	34,422
Total Other Financing Sources (Uses)	<u>(78,700)</u>	<u>(183,857)</u>	<u>(39,071)</u>	<u>144,786</u>
Changes in Fund Balance	(497,740)	(697,485)	(553,896)	143,589
Fund Balance at Beginning of Year	660,160	660,160	660,160	
Prior Year Encumbrances Appropriated	61,424	61,424	61,424	
Fund Balance at End of Year	<u>\$223,844</u>	<u>\$24,099</u>	<u>\$167,688</u>	<u>\$143,589</u>

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$7,846	\$24,570
<u>Liabilities:</u>		
Due to Students		\$24,570
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$7,846	

See Accompanying Notes to the Basic Financial Statements

Cory-Rawson Local School District  
Statement of Change in Fiduciary Net Assets  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2009

<u>Deductions:</u>	
Non-Instructional Services	<u>\$500</u>
Change in Net Assets	(500)
Net Assets at Beginning of Year	<u>8,346</u>
Net Assets at End of Year	<u><u>\$7,846</u></u>

See Accompanying Notes to the Basic Financial Statements



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

Cory-Rawson Local School District (the "School District") is organized under Article VI, Sections 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 and federal guidelines.

The School District was established in 1949. The School District serves an area of approximately one hundred five square miles. It is located in Hancock County. The School District is the 577<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by thirty-eight classified employees, fifty certified teaching personnel, and six administrative employees who provide services to 636 students and other community members. The School District currently operates two instructional buildings.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Cory-Rawson Local 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 the 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. There are no component units of the Cory-Rawson Local School District.

The School District's reporting entity includes the following:

Trinity Evangelical Lutheran School - Within the School District's boundaries, Trinity Evangelical Lutheran School is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District. The activity is reflected in a special revenue fund of the School District.

The School District participates in four jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Millstream Career and Technology Center, the Hancock County Local Professional Development Committee, the Northwestern Ohio Educational Research Council, Inc., the Hancock County Schools Health Benefit Fund, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

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

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial 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. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

During the fiscal 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. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Governmental Funds**

Governmental funds are those through which most governmental functions of the School District 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 School District's only major fund is the General Fund.

General Fund - The General Fund is used to account 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.

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

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of 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 increases (e.g., revenues) and decreases (e.g., expenses) 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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**Note 2 - Summary of Significant Accounting Policies** (continued)

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and 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 Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, student fees, and charges for services.

**Deferred Revenues**

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, are 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 are reported as deferred revenue.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Expenses/Expenditures**

On the accrual basis, 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, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level are made by the School District Treasurer.

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

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

**F. Cash and Investments**

To improve cash management, 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".

During fiscal year 2009, investments consisted of repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

**Note 2 - Summary of Significant Accounting Policies** (continued)

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 2009 was \$11,041, which includes \$1,270 assigned from other School District funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent the amount of unexpended revenues restricted for the purchase of school buses.

**J. Capital Assets**

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of one thousand dollars. 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 capitalized.

All 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:

Description	Useful Lives
Land Improvements	30 - 40 years
Buildings and Building Improvements	20 - 113 years
Furniture, Fixtures, and Equipment	10 - 40 years
Vehicles	10 - 15 years

**Note 2 - Summary of Significant Accounting Policies** (continued)

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

**L. 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 the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees 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 employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

On 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 fund from which the employees who have accumulated unpaid leave are paid.

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

All payables, accrued liabilities, and long-term obligations are reported on 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, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans are recognized as liabilities on the fund financial statements when due.

**N. 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 balance of any borrowing 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 resources restricted for food service operations, music and athletic programs, and federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**O. Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a 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 which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, bus purchase, and encumbrances.

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

**P. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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.

**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 - Change in Accounting Principles**

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.



**Note 3 - Change in Accounting Principles** (Continued)

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

**Note 4 - Accountability and Compliance**

**A. Accountability**

At June 30, 2009, the Food Service and EMIS special revenue funds had deficit fund balances, in the amount of \$28,844 and \$877, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

For the fiscal year ended June 30, 2009, the Title II-D special revenue fund had expenditures in excess of appropriations, in the amount of \$18. The Treasurer will monitor expenditures to ensure that they do not exceed amounts appropriated.

**Note 5 - Budgetary Basis of Accounting**

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

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

Cory-Rawson Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 5 - Budgetary Basis of Accounting** (Continued)

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	(\$420,859)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received in Cash FY 2009	590,363
Accrued FY 2009, Not Yet Received in Cash	(630,533)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(\$918,936)
Accrued FY 2009, Not Yet Paid in Cash	914,739
Unrecorded Cash Activity 2009	(36)
Prepaid Items	(257)
Advances In	144,702
Advances Out	(140,446)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(92,633)
Budget Basis	(\$553,896)

**Note 6 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

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

2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

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

Investments

As of June 30, 2009, the School District had the following investments:

	Fair Value	Maturity
Repurchase Agreements	\$76,686	July 1, 2009
STAR Ohio	215,972	average 58 days
Total Investments	\$292,658	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The securities underlying the repurchase agreement (Federal Home Loan Mortgage Corporation Notes) carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute which require repurchase agreements be limited to investments listed in items 1 and 2 on the previous page and that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 6 - Deposits and Investments** (continued)

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

The School District places no limit on the amount of its interim monies it may invest in a particular security. As of June 30, 2009, the School District had 26.2 percent of its investments in repurchase agreements.

**Note 7 - Receivables**

Receivables at June 30, 2009, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, interfund, income taxes, property taxes, and payment in lieu of taxes. 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 year guarantee of federal funds. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$132,070, will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
Personal Property Tax Exemption	<u>\$64,486</u>

**Note 8 - Income Taxes**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is for a continuing period. In November 2003, the School District levied an additional voted .75 percent income tax effective on January 1, 2004, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**Note 9 - Property Taxes**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 Hancock 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reflected 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, 2009, was \$176,000 in the General Fund and \$9,000 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$69,000 in the General Fund and \$4,000 in the Permanent Improvement capital projects fund.

Cory-Rawson Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 9 - Property Taxes** (continued)

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

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$65,074,710	84.36%	\$65,646,240	85.94%
Industrial/Commercial	7,413,210	9.61	7,443,130	9.74
Public Utility	3,229,630	4.19	3,300,150	4.32
Tangible Personal	1,422,440	1.84		
Total Assessed Value	<u>\$77,139,990</u>	<u>100.00%</u>	<u>\$76,389,520</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.00		\$34.00	

**Note 10 - Payment in Lieu of Taxes**

According to State law, the Village of Bluffton has entered into agreements with a number of property owners under which the Village has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$42,390			\$42,390

(continued)

Cory-Rawson Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

**Note 11 - Capital Assets** (continued)

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Depreciable Capital Assets				
Land Improvements	\$63,354			\$63,354
Buildings and Building Improvements	3,340,218	\$71,870		3,412,088
Furniture, Fixtures, and Equipment	1,624,322	33,284	(\$3,960)	1,653,646
Vehicles	729,481	73,417		802,898
<b>Total Depreciable Capital Assets</b>	<b>5,757,375</b>	<b>178,571</b>	<b>(3,960)</b>	<b>5,931,986</b>
Less Accumulated Depreciation				
Land Improvements	(30,452)	(1,749)		(32,201)
Buildings and Building Improvements	(1,778,033)	(54,678)		(1,832,711)
Furniture, Fixtures, and Equipment	(1,126,350)	(81,928)	2,706	(1,205,572)
Vehicles	(378,414)	(48,812)		(427,226)
<b>Total Accumulated Depreciation</b>	<b>(3,313,249)</b>	<b>(187,167)</b>	<b>2,706</b>	<b>(3,497,710)</b>
<b>Depreciable Capital Assets, Net</b>	<b>2,444,126</b>	<b>(8,596)</b>	<b>(1,254)</b>	<b>2,434,276</b>
Governmental Activities Capital Assets, Net	<u>\$2,486,516</u>	<u>(\$8,596)</u>	<u>(\$1,254)</u>	<u>\$2,476,666</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$64,282
Special	6,900
Vocational	4,659
Support Services:	
Pupils	1,785
Instructional Staff	3,469
Administration	4,183
Fiscal	2,269
Operation and Maintenance of Plant	25,801
Pupil Transportation	49,021
Non-Instructional Services	4,897
Extracurricular Activities	19,901
<b>Total Depreciation Expense</b>	<u><u>\$187,167</u></u>

**Note 12 - Interfund Assets/Liabilities**

At June 30, 2009, the General Fund had an interfund receivable and other governmental funds had an interfund payable, in the amount of \$5,411, for a loan made to other governmental funds. This repayment will be made within one year.

**Note 13 - Risk Management**

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 2009, the School District contracted for the following insurance coverage.

Coverage provided by Netherlands Insurance Company is as follows:

General Liability	
Per Occurrence	\$1,000,000
Total per Year	2,000,000
Automobile Liability	1,000,000
Building and Contents	20,215,727

Coverage provided by Midwestern Indemnity Company is as follows:

Umbrella	1,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Hancock County Schools Health Benefit Fund (the Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Mental Retardation/Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, vision, and life insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.



**Note 14 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

Plan Description - The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board 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 contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$374,568, \$364,010, and \$355,246 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2009 were \$118 made by the school district and \$112 made by the plan members.

**B. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Note 14 - Defined Benefit Pension Plans** (continued)

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was 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 2009, 9.09 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 by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$82,606, \$79,682, and \$82,655 respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2009, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 15 - Postemployment Benefits**

**A. State Teachers Retirement System**

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$28,822, \$28,007, and \$27,328 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. School Employees Retirement System**

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit

**Note 15 - Postemployment Benefits** (continued)

provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2009, the surcharge amount was \$13,712.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$37,804, \$36,361, and \$27,441 respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$6,816, \$5,741, and \$5,621 respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 16 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year. Unused vacation in excess of five days cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred days. Upon retirement, payment is made for one-third of accrued but unused sick leave credit to a maximum of fifty days. Additional sick leave bonus days may be earned by employees meeting certain criteria. Bonus days earned can increase the maximum sick leave days paid upon retirement to 75 days.

**B. Health Care Benefits**

The School District provides medical, dental, vision, and life insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

Cory-Rawson Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 16 - Other Employee Benefits** (continued)

**C. Separation Benefits**

The School District offers a separation benefit to classified employees eligible to retire under SERS. The employee must submit their resignation for retirement to the Board no later than May 1 of the fiscal year in which they plan to retire. A separation benefit of \$10,000 will be paid at the time severance payment is paid to the employee. At June 30, 2009, there was no liability for separation benefits.

**Note 17 - Notes Payable**

On June 28, 2004, the School District issued tax anticipation notes, in the amount of \$175,000, for a new roof on the middle school/high school building. The notes were issued under the authority of House Bill 710 for a five year period, with final maturity during fiscal year 2009. The notes had an interest rate of 4.4 percent and were fully retired during fiscal year 2009.

**Note 18 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Long-Term Obligations					
Tractor Loan Payable	\$9,294		\$3,854	\$5,440	\$4,047
Compensated Absences Payable	<u>466,335</u>	<u>\$139,209</u>	<u>78,697</u>	<u>526,847</u>	<u>38,592</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$475,629</u>	<u>\$139,209</u>	<u>\$82,551</u>	<u>\$532,287</u>	<u>\$42,639</u>

Tractor Loan - On October 28, 2005, the School District obtained a loan, in the amount of \$18,700, to purchase a tractor. The loan was obtained for a five-year period, with final maturity in fiscal year 2011.

Compensated absences will be paid from the General Fund and the Food Service special revenue fund.

Cory-Rawson Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 18 - Long-Term Obligations** (continued)

The School District's overall debt margin was \$6,583,681 with an unvoted debt margin of \$73,193 at June 30, 2009.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2009, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$4,047	\$175	\$4,222
2011	1,393	14	1,407
Total	\$5,440	\$189	\$5,629

**Note 19 - 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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Textbooks	Capital Improvements
Balance at June 30, 2008	(\$73,967)	
Current Year Set Aside Requirement	104,244	\$104,244
Current Year Offsets		(88,250)
Qualifying Expenditures	(136,060)	(15,994)
Balance at June 30, 2009	(\$105,783)	

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

**Note 20 - Interfund Transfers**

During fiscal year 2009, the General Fund transferred \$44,278 and other government funds transferred \$3,550 to other governmental funds for payment of debt.

**Note 21 - Jointly Governed Organizations**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2009, the School District paid \$22,225 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**B. Millstream Career and Technology Center**

The Millstream Career and Technology Center (Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Center provides vocational instruction to students. The Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative from the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 227 South West Street, Findlay, Ohio 45840-3377.

**C. Hancock County Local Professional Development Committee**

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a thirteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**Note 22 - Insurance Pools**

**A. Hancock County Schools Health Benefit Fund**

The Hancock County Schools Health Benefit Fund (the Fund) is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Mental Retardation/Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to participants. The Administrative Committee of the Fund consists of the superintendent from each participating member. The Administrative Committee advises the trustee, Huntington National Bank, concerning aspects of the administration of the Fund.

Each member decides which plans offered by the Administrative committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Insurance, P.O. Box 10079, 1695 Indian Wood Circle, Maumee, Ohio 43537.

**B. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by the five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**Note 23 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2009.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

**Note 24 - Subsequent Event**

On November 3, 2009, the voters approved a five mill bond levy for the construction and renovation of School District buildings. The levy is for a twenty-nine year period.

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# Mary Taylor, CPA

Auditor of State

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

Cory-Rawson Local School District  
Hancock County  
3930 County Road 26  
Rawson, Ohio 45881-9609

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Cory-Rawson Local School District, Hancock County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might

be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated January 26, 2010.

#### **Compliance and Other Matters**

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

We noted certain noncompliance matters that we reported to the District's management in a separate letter dated January 26, 2010.

We intend this report solely for the information and use of the Audit and Finance Committees, management, and the Board of Education. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 26, 2010



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cory-Rawson Local School District  
Hancock County  
3930 County Road 26  
Rawson, Ohio 45881-9609

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Cory-Rawson Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on September 11, 2003 and re-adopted the policy at its meeting on December 26, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

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- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 26, 2010



**Mary Taylor, CPA**  
Auditor of State

**CORY-RAWSON LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 11, 2010**