

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crooksville Exempted Village School District, Perry County, Ohio (the District), as of and for the year ended June 30, 2012, 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 Crooksville Exempted Village School District, Perry County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for 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 March 13, 2013, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 13, 2013

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

The discussion and analysis of Crooksville Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2012 are as follows:

- ❑ Net assets decreased \$215,658, or 2.3% from 2011.
- ❑ General revenues accounted for \$9,869,285 in revenue or 78.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,649,869 or 21.2% of total revenues of \$12,519,154.
- ❑ The District had \$12,734,812 in expenses related to governmental activities; only \$2,649,869 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,869,285 were not adequate to provide for these programs.
- ❑ The District's General Fund had \$9,976,101 in revenues and other financing sources and \$10,153,829 in expenditures and other financing uses. The General Fund's fund balance decreased \$177,728 to a deficit of \$36,364.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Proprietary Funds – The District uses internal service funds to report activities that provide services for the District's other programs and activities. The proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2012 and 2011.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Current and other assets	\$4,949,970	\$4,700,469	\$249,501
Capital assets, Net	9,060,633	9,549,787	(489,154)
Total assets	14,010,603	14,250,256	(239,653)
Long-term debt outstanding	1,684,853	1,504,867	179,986
Other liabilities	2,992,597	3,196,578	(203,981)
Total liabilities	4,677,450	4,701,445	(23,995)
Net assets			
Invested in capital assets, net of related debt	7,890,269	8,613,787	(723,518)
Restricted	738,527	669,052	69,475
Unrestricted	704,357	265,972	438,385
Total net assets	\$9,333,153	\$9,548,811	(\$215,658)

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2012 and 2011.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,034,456	\$964,841	\$69,615
Operating Grants and Contributions	1,615,413	2,840,014	(1,224,601)
General revenues:			
Property Taxes	2,431,178	1,238,857	1,192,321
Grants and Entitlements	7,308,747	7,243,050	65,697
Other	129,360	125,758	3,602
Total revenues	<u>12,519,154</u>	<u>12,412,520</u>	<u>106,634</u>
Program Expenses			
Instruction	7,267,617	6,999,213	268,404
Support Services:			
Pupils	885,653	856,827	28,826
Instructional Staff	432,289	411,822	20,467
Board of Education	48,930	37,548	11,382
Administration	1,028,305	959,034	69,271
Fiscal Services	330,901	266,918	63,983
Operation and Maintenance of Plant	1,085,587	1,134,984	(49,397)
Pupil Transportation	656,669	763,066	(106,397)
Central	5,003	0	5,003
Operation of Non-Instructional Services	590,278	524,556	65,722
Extracurricular Activities	327,770	406,773	(79,003)
Interest and Fiscal Charges	75,810	45,957	29,853
Total expenses	<u>12,734,812</u>	<u>12,406,698</u>	<u>328,114</u>
Total Change in Net Assets	<u>(215,658)</u>	<u>5,822</u>	<u>(221,480)</u>
Beginning Net Assets	<u>9,548,811</u>	<u>9,542,989</u>	<u>5,822</u>
Ending Net Assets	<u><u>\$9,333,153</u></u>	<u><u>\$9,548,811</u></u>	<u><u>(\$215,658)</u></u>

Governmental Activities

Net assets of the District's governmental activities decreased by \$215,658. Revenues increased by .9% while expenses increased 2.6%.

Expenses related to Governmental Activities increased \$328,114 from 2011. Instructional expenses increased \$268,404, Administrative Expenses increased \$69,271, and Fiscal Services increased \$63,983. The district was able to reduce Pupil Transportation costs by \$106,397, Extracurricular Activities by 79,003, and Operations and Maintenance of Plant by \$49,397 to help offset the increased costs.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

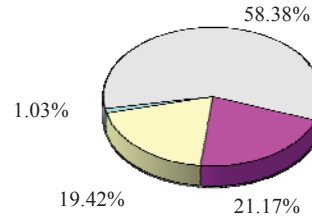
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

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

Property taxes made up 19.42% of revenues for governmental activities for Crooksville Exempted Village Schools in fiscal year 2012. The District's reliance upon grant revenues is demonstrated by the following graph:

Revenue Sources	2012	Percent of Total
General Grants	\$7,308,747	58.38%
Program Revenues	2,649,869	21.17%
General Tax Revenues	2,431,178	19.42%
General Other	129,360	1.03%
Total Revenue	\$12,519,154	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$624,718 which is less than last year's balance of \$711,052. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	(\$36,364)	\$141,364	(\$177,728)
Bond Retirement	532,586	456,470	76,116
Other Governmental	128,496	113,218	15,278
Total	\$624,718	\$711,052	(\$86,334)

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

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

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$1,533,036	\$805,439	\$727,597
Tuition	655,869	591,340	64,529
Investment Earnings	13,510	15,268	(1,758)
Extracurricular Activities	52,905	53,252	(347)
Class Materials and Fees	1,376	2,775	(1,399)
Intergovernmental - State	7,222,006	7,180,289	41,717
Intergovernmental - Federal	65,248	41,764	23,484
All Other Revenue	99,734	59,407	40,327
Total	\$9,643,684	\$8,749,534	\$894,150

General Fund revenues increased in 2012, by 10.2% compared to revenues in fiscal year 2011 mostly due to increased tax collections from the Rockies Express pipeline settlement and other tax delinquencies starting to be paid. Tuition increases are a result of additional students attending the district on open enrollment.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Instruction	\$5,887,353	\$5,269,966	\$617,387
Supporting Services:			
Pupils	461,038	407,852	53,186
Instructional Staff	221,979	216,860	5,119
Board of Education	47,184	37,548	9,636
Administration	955,830	907,887	47,943
Fiscal Services	280,236	268,096	12,140
Operation & Maintenance of Plant	927,434	1,068,929	(141,495)
Pupil Transportation	613,425	800,406	(186,981)
Extracurricular Activities	157,380	256,118	(98,738)
Capital Outlay	477,739	104,652	373,087
Debt Service			
Principal Retirement	64,063	35,505	28,558
Interest and Fiscal Charges	37,276	17,383	19,893
Total	\$10,130,937	\$9,391,202	\$739,735

The expenditures increased by \$739,735 or 7.9% compared to the prior year mostly due to increased capital outlay and instruction expenditures. \$320,000 of the capital outlay consisted of the expenditures related to the H.B. 264 Energy Conservation project in 2012.

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

During the course of fiscal year 2012 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was virtually unchanged from original budget estimates of \$10.07 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the District had \$9,060,633 net of accumulated depreciation invested in land, buildings, machinery, equipment and vehicles. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$98,680	\$98,680	\$0
Land Improvements	627,124	627,124	0
Buildings and Improvements	17,173,434	17,173,434	0
Machinery/Equipment and Furniture/Fixtures	4,198,155	4,150,249	47,906
Vehicles	971,816	971,816	0
Less: Accumulated Depreciation	(14,008,576)	(13,471,516)	(537,060)
Totals	<u>\$9,060,633</u>	<u>\$9,549,787</u>	<u>(\$489,154)</u>

Additional information on the District's capital assets can be found in Note 8.

Debt

At June 30, 2012, the District had \$1,126,000 in bonds outstanding, \$61,361 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2012:

	2012	2011
General Obligation Bonds:		
Classroom Facilities	\$16,000	\$16,000
General Bond	205,000	235,000
Refunding Bond	610,000	685,000
Energy Conservation Bond	295,000	0
Total General Obligation Bond	<u>1,126,000</u>	<u>936,000</u>
Capital Leases	44,364	44,510
Compensated Absences	514,489	524,357
Totals	<u>\$1,684,853</u>	<u>\$1,504,867</u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2012, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

ECONOMIC FACTORS

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

At a time when state and federal mandates are increasing, the state and federal governments continue to make financial cuts to school districts and local entities. School districts are thus being forced to apply for grants to supplant these dollars or find ways to reduce cost. Reduction in Title I funds, decrease of the Cost of Doing Business Factor, tax reductions in tangible personal property (equipment and inventory), small increases in the state funding formula and other recently introduced tax cuts have really placed local districts in a financial bind.

Financially, we are in the same position as many other districts in our area. We are a low wealth district that is constantly applying for grants, looking for ways to cut cost and at the same time trying to maintain programs that are successful. Over the past several years, we have been very fortunate to end the fiscal year with a carryover in funds. However, as a result of operational cost increasing at a higher rate than revenues and the fact that Crooksville Exempted Village School District has not approved an operating levy since 1979, our carryover dollars have continued to decrease each of the past three years. The district's spending each of the last three fiscal years has exceeded the revenues from state, local and federal programs. Thanks to fiscal responsibility of the district, increased open enrollment dollars, grants in aid, the district has managed to stay in the black on a cash basis; and in the black until fiscal year 2012 on a GAAP basis.

Each October, the district is responsible for filing with the Ohio Department of Education a five year forecast of funding. This forecast is based on predictions and assumptions relating to the school district's expenditures and funding sources for the General Fund. The state funding formula and Federal Stimulus grant monies, which ended in fiscal year 2012, will provide Crooksville Exempted Village School District with approximately \$6,992,532, 70% of General Fund revenues, down from \$7,151,982, or 70% in fiscal year 2012 and \$7,825,380, 77% in fiscal year 2011. The remaining 30% will be provided by local operating levies, taxes and miscellaneous revenues. The district is projected to receive approximately \$20,000 in fiscal year 2013 from Ohio's new Casino Tax. As one can see, the district is heavily dependent upon the state foundation program and federal dollars for operating, which continue to decline as a percentage of total revenues. The state foundation program is slated for revision in fiscal year 2014 and the initial proposal from Governor Kasich's office showed no improved funding for our district. The biennial budget will still need to progress through the House and Senate, but increases in funding appear unlikely.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

At the current levels of funding, staffing and programming, our funding projection is that in fiscal year 2015 the district will have used up its carryover dollars and be operating in the red. The board of education has been frugal and will continue to plan ways to conserve funds thus prolonging its going into fiscal emergency.

The Crooksville Exempted Village School District, Board of Education and administration will continue to closely monitor spending and revenues to make the necessary decisions ensuring that the district remains fiscally sound.

REQUESTS FOR INFORMATION

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Net Assets **June 30, 2012**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 1,544,031
Receivables:	
Taxes	3,029,707
Accounts	2,076
Intergovernmental	229,698
Inventory of Supplies at Cost	11,584
Prepaid Items	111,415
Restricted Assets:	
Cash and Cash Equivalents	21,459
Capital Assets Not Being Depreciated	98,680
Capital Assets Being Depreciated, Net	8,961,953
Total Assets	14,010,603
Liabilities:	
Accounts Payable	103,083
Accrued Wages and Benefits	840,343
Intergovernmental Payable	159,671
Matured Bonds & Interest Payable	21,459
Deferred Revenue - Taxes	1,852,012
Accrued Interest Payable	16,029
Long Term Liabilities:	
Due Within One Year	118,640
Due in More Than One Year	1,566,213
Total Liabilities	4,677,450
Net Assets:	
Invested in Capital Assets, Net of Related Debt	7,890,269
Restricted For:	
Capital Projects	30,162
Debt Service	619,528
Other Purposes	88,837
Unrestricted	704,357
Total Net Assets	\$ 9,333,153

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Activities For the Fiscal Year Ended June 30, 2012

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction	\$ 7,267,617	\$ 657,245	\$ 598,102	\$ (6,012,270)
Support Services:				
Pupils	885,653	0	346,292	(539,361)
Instructional Staff	432,289	0	133,673	(298,616)
Board of Education	48,930	0	0	(48,930)
Administration	1,028,305	0	45,162	(983,143)
Fiscal Services	330,901	0	1,346	(329,555)
Operation and Maintenance of Plant	1,085,587	0	69,559	(1,016,028)
Pupil Transportation	656,669	0	9,736	(646,933)
Central	5,003	0	2,793	(2,210)
Operation of Non-Instructional Services	590,278	157,426	408,750	(24,102)
Extracurricular Activities	327,770	219,785	0	(107,985)
Interest and Fiscal Charges	75,810	0	0	(75,810)
Totals	\$ 12,734,812	\$ 1,034,456	\$ 1,615,413	(10,084,943)
General Revenues				
Property Taxes Levied for:				
General Purposes				2,162,257
Debt Service				228,774
Other Purposes				40,147
Grants and Entitlements not Restricted				
to Specific Programs				7,308,747
Investment Earnings				13,510
Miscellaneous				115,850
Total General Revenues				9,869,285
Change in Net Assets				(215,658)
Net Assets Beginning of Year				9,548,811
Net Assets End of Year				\$ 9,333,153

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 601,469	\$ 522,570	\$ 210,546	\$ 1,334,585
Receivables:				
Taxes	2,688,490	290,384	50,833	3,029,707
Accounts	2,076	0	0	2,076
Intergovernmental	13,969	0	215,729	229,698
Interfund Loan Receivable	101,629	0	0	101,629
Inventory Held for Resale	0	0	11,584	11,584
Prepaid Items	96,990	0	14,425	111,415
Restricted Assets:				
Cash and Cash Equivalents	0	21,459	0	21,459
Total Assets	<u>\$ 3,504,623</u>	<u>\$ 834,413</u>	<u>\$ 503,117</u>	<u>\$ 4,842,153</u>
Liabilities:				
Accounts Payable	\$ 62,147	\$ 0	\$ 40,936	\$ 103,083
Accrued Wages and Benefits	742,947	0	97,396	840,343
Intergovernmental Payable	136,413	0	23,258	159,671
Matured Bonds and Interest Payable	0	21,459	0	21,459
Interfund Loans Payable	0	0	101,629	101,629
Deferred Revenue - Taxes	2,591,505	280,368	47,773	2,919,646
Deferred Revenue	0	0	53,915	53,915
Compensated Absences Payable	7,975	0	9,714	17,689
Total Liabilities	<u>3,540,987</u>	<u>301,827</u>	<u>374,621</u>	<u>4,217,435</u>
Fund Balances:				
Nonspendable	96,990	0	26,009	122,999
Restricted	0	532,586	142,063	674,649
Assigned	111,082	0	0	111,082
Unassigned	(244,436)	0	(39,576)	(284,012)
Total Fund Balances	<u>(36,364)</u>	<u>532,586</u>	<u>128,496</u>	<u>624,718</u>
Total Liabilities and Funds Balances	<u>\$ 3,504,623</u>	<u>\$ 834,413</u>	<u>\$ 503,117</u>	<u>\$ 4,842,153</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2012

Total Governmental Fund Balances	\$	624,718
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		9,060,633
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,121,549
The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		209,446
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(1,126,000)	
Capital Lease Payable	(44,364)	
Compensated Absences Payable	(496,800)	
Accrued Interest Payable	(16,029)	
	<u> </u>	<u>(1,683,193)</u>
<i>Net Assets of Governmental Activities</i>	\$	<u>9,333,153</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012***

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,533,036	\$ 161,877	\$ 29,119	\$ 1,724,032
Tuition	655,869	0	0	655,869
Investment Earnings	13,510	0	0	13,510
Food Services	0	0	157,426	157,426
Extracurricular Activities	52,905	0	166,880	219,785
Class Materials and Fees	1,376	0	0	1,376
Intergovernmental - State	7,222,006	21,493	180,667	7,424,166
Intergovernmental - Federal	65,248	0	1,516,561	1,581,809
All Other Revenue	99,734	0	16,116	115,850
Total Revenue	9,643,684	183,370	2,066,769	11,893,823
Expenditures:				
Current:				
Instruction	5,887,353	0	563,586	6,450,939
Supporting Services:				
Pupils	461,038	0	396,817	857,855
Instructional Staff	221,979	0	196,388	418,367
Board of Education	47,184	0	0	47,184
Administration	955,830	0	49,229	1,005,059
Fiscal Services	280,236	5,940	5,271	291,447
Operation & Maintenance of Plant	927,434	0	108,312	1,035,746
Pupil Transportation	613,425	0	9,139	622,564
Central	0	0	4,824	4,824
Operation of Non-Instructional Services	0	0	564,667	564,667
Extracurricular Activities	157,380	0	157,610	314,990
Capital Outlay	477,739	0	0	477,739
Debt Service:				
Principal Retirement	64,063	75,000	0	139,063
Interest & Fiscal Charges	37,276	26,314	0	63,590
Total Expenditures	10,130,937	107,254	2,055,843	12,294,034

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(487,253)	76,116	10,926	(400,211)
Other Financing Sources (Uses):				
Initiation of Capital Lease	8,917	0	0	8,917
Issuance of Refunding Bonds	320,000	0	0	320,000
Transfers In	3,500	0	592	4,092
Transfers Out	(4,092)	0	0	(4,092)
Refund of Prior Year Receipts	(18,800)	0	0	(18,800)
Total Other Financing Sources (Uses)	<u>309,525</u>	<u>0</u>	<u>592</u>	<u>310,117</u>
Net Change in Fund Balance	(177,728)	76,116	11,518	(90,094)
Fund Balances at Beginning of Year	141,364	456,470	113,218	711,052
Increase in Inventory Reserve	0	0	3,760	3,760
Fund Balances End of Year	<u>\$ (36,364)</u>	<u>\$ 532,586</u>	<u>\$ 128,496</u>	<u>\$ 624,718</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ (90,094)

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

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

Capital Outlay	47,906	
Depreciation Expense	<u>(537,060)</u>	(489,154)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 625,331

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Issuance of G.O. Bonds	(320,000)	
General Obligation Bond Principal Payment	130,000	
Initiation of Capital Lease	(8,917)	
Payment on Capital Lease	<u>9,063</u>	(189,854)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (12,220)

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

Compensated Absences	(37,819)	
Change in Inventory	<u>3,760</u>	(34,059)

The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (25,608)

Change in Net Assets of Governmental Activities \$ (215,658)

See accompanying notes to the basic financial statements

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 1,528,421	\$ 1,522,390	\$ 1,522,390	\$ 0
Tuition	579,400	655,869	655,869	0
Investment Earnings	15,000	13,510	13,510	0
Class Material and Fees	500	739	739	0
Intergovernmental - State	7,491,821	7,222,006	7,222,006	0
Intergovernmental - Federal	23,000	54,194	54,194	0
All Other Revenues	28,800	96,323	96,323	0
Total Revenues	<u>9,666,942</u>	<u>9,565,031</u>	<u>9,565,031</u>	<u>0</u>
Expenditures:				
Current:				
Instruction	5,759,201	5,886,166	5,886,166	0
Support Services:				
Pupils	645,377	462,171	462,171	0
Instructional Staff	241,693	228,678	228,678	0
Board of Education	67,786	45,457	45,457	0
Administration	1,004,270	949,410	949,410	0
Fiscal Services	264,541	284,780	284,780	0
Operation and Maintenance of Plant	943,336	944,204	944,204	0
Pupil Transportation	738,200	615,272	615,272	0
Extracurricular Activities	182,025	173,065	173,065	0
Capital Outlay	543,250	484,456	484,456	0
Debt Service:				
Principal Retirement	55,000	55,000	55,000	0
Interest and Fiscal Charges	46,778	30,705	30,705	0
Total Expenditures	<u>10,491,457</u>	<u>10,159,364</u>	<u>10,159,364</u>	<u>0</u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(824,515)	(594,333)	(594,333)	0
Other Financing Sources (Uses):				
Sale of General Obligation Bonds	320,000	320,000	320,000	0
Transfers Out	0	(592)	(592)	0
Advances In	80,000	168,787	168,787	0
Advances Out	(80,000)	0	0	0
Refund of Prior Year's Receipts	0	(18,800)	(18,800)	0
Total Other Financing Sources (Uses):	320,000	469,395	469,395	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(504,515)	(124,938)	(124,938)	0
Fund Balance at Beginning of Year	611,425	611,425	611,425	0
Prior Year Encumbrances	47,449	47,449	47,449	0
Fund Balance at End of Year	\$ 154,359	\$ 533,936	\$ 533,936	\$ 0

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Net Assets
Proprietary Funds
June 30, 2012***

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 209,446
Total Assets	<u>209,446</u>
Liabilities:	
Total Liabilities	<u>0</u>
Net Assets:	
Unrestricted	209,446
Total Net Assets	<u>\$ 209,446</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 717,190
Total Operating Revenues	<u>717,190</u>
Operating Expenses:	
Contractual Services	260,864
Claims	481,934
Total Operating Expenses	<u>742,798</u>
Change in Net Assets	(25,608)
Net Assets Beginning of Year	<u>235,054</u>
Net Assets End of Year	<u>\$ 209,446</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$717,190
Cash Payments for Services	(260,994)
Cash Payments for Claims	(634,581)
Net Cash Used for Operating Activities	<u>(178,385)</u>
Net Decrease in Cash and Cash Equivalents	(178,385)
Cash and Cash Equivalents at Beginning of Year	<u>387,831</u>
Cash and Cash Equivalents at End of Year	<u><u>\$209,446</u></u>
 <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$25,608)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Decrease in Accounts Payable	(130)
Decrease in Claims Payables	<u>(152,647)</u>
Total Adjustments	<u>(152,777)</u>
Net Cash Used for Operating Activities	<u><u>(\$178,385)</u></u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Statement of Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust Fund	Agency Funds
Assets:		
Cash and Cash Equivalents	\$ 33,801	\$ 43,148
Total Assets	<u>33,801</u>	<u>43,148</u>
Liabilities:		
Due to Others	0	1,796
Due to Students	0	41,352
Total Liabilities	<u>0</u>	<u>43,148</u>
Net Assets:		
Restricted for Scholarships	<u>33,801</u>	<u>0</u>
Total Net Assets	<u>\$ 33,801</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2012***

	Private Purpose Trust Fund
Additions:	
Contributions:	
Private Donations	\$ 13,241
Total Additions	<u>13,241</u>
Deductions:	
Administrative Expenses	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Assets	12,741
Net Assets at Beginning of Year	<u>21,060</u>
Net Assets End of Year	<u><u>\$ 33,801</u></u>

See accompanying notes to the basic financial statements

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by 43 noncertified, 77 certified teaching personnel and 8 administrative employees providing education to 1,099 students.

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

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

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

B. Basis of Presentation - Fund Accounting

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Proprietary Funds - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Internal Service Fund - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The Self Insurance Fund accounts for the interfund charges and claim payments applicable to the employee health and dental plans.

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

C. Basis of Presentation - Financial Statements

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2012, and which are not intended to finance fiscal 2012 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 30 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

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

Revenues – Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during fiscal year 2012.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$177,728)
Increase (Decrease):	
Accrued Revenues at June 30, 2012, received during FY 2013	(113,030)
Accrued Revenues at June 30, 2011, received during FY 2012	261,088
Accrued Expenditures at June 30, 2012, paid during FY 2013	949,482
Accrued Expenditures at June 30, 2011, paid during FY 2012	(953,097)
FY 2012 Prepays for FY 2013	(96,990)
FY 2011 Prepays for FY 2012	116,036
Encumbrances Outstanding	(112,096)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	1,397
Budget Basis	<u>(\$124,938)</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, investments with original maturities of less than three months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreement and certificates of deposit) which are reported at cost, which approximates fair value. See Note 4, "Cash, Cash Equivalents and Investments." During fiscal year 2012, investments were limited to STAR Ohio.

The District has invested funds in the State Treasury Asset Reserve of Ohio during 2012. 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, 2012.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Depreciation

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

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	20
Buildings and Improvements	30
Machinery/Equipment and Furniture/Fixtures	6-10
Vehicles	10

J. Long-Term Obligations

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

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

K. Compensated Absences

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred. Pension liabilities expected to be paid from current available financial resources are recorded as a fund liability.

O. Interfund Transactions

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

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, property taxes, prepaid items, supply inventories, capital acquisitions, and encumbered amounts, which have not been accrued at year end.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Estimates

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

R. Operating Revenues and Expenses

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

NOTE 2 – FUND BALANCES

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

Fund Balances	General Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$0	\$0	\$11,584	\$11,584
Prepaid Items	96,990	0	14,425	111,415
Total Nonspendable	96,990	0	26,009	122,999
Restricted:				
Facilities Maintenance	0	0	78,848	78,848
Technology Improvements	0	0	10,854	10,854
Extracurricular Activities	0	0	20,698	20,698
Targeted Academic Assistance	0	0	1,501	1,501
Debt Service Payments	0	532,586	0	532,586
Capital Acquisition and Improvement	0	0	30,162	30,162
Total Restricted	0	532,586	142,063	674,649
Assigned to Other Purposes	111,082	0	0	111,082
Unassigned	(244,436)	0	(39,576)	(284,012)
Total Fund Balances	(\$36,364)	\$532,586	\$128,496	\$624,718

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 3 – DEFICIT FUND EQUITIES

The following is a summary of deficit fund equities at June 30, 2012:

Fund	Deficit Fund Equity
General Fund	\$36,364
Special Revenue Funds:	
Preschool Grant Fund	6,149
One Net Fund	103
Title VI-B Fund	4,733
Fiscal Stabilization Fund	1,828
Title I Fund	11,458
Title VI-R Fund	7,585

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

A. Deposits

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At year end the carrying amount of the District's deposits was \$1,587,872 and the bank balance was \$2,001,673. Federal depository insurance covered \$312,651 of the bank balance and \$1,689,022 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$1,689,022</u>
Total Balance	<u><u>\$1,689,022</u></u>

B. Investments

The District's investments at June 30, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	<u>\$54,567</u>	AAAm ¹	<u>\$54,567</u>	<u>\$0</u>	<u>\$0</u>
Total Investments	<u><u>\$54,567</u></u>		<u><u>\$54,567</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$1,642,439	\$0
STAR Ohio	<u>(54,567)</u>	<u>54,567</u>
Per GASB Statement No. 3	<u><u>\$1,587,872</u></u>	<u><u>\$54,567</u></u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - TAXES

A. Property Tax

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Perry County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2012 receipts were based are:

	<u>2011 Second Half Collections</u>	<u>2012 First Half Collections</u>
Agricultural/Residential and Other Real Estate	\$45,140,200	\$55,196,670
Public Utility Personal	8,679,670	1,442,390
Total Assessed Value	<u>\$53,819,870</u>	<u>\$56,639,060</u>
Tax rate per \$1,000 of assessed valuation	\$33.80	\$28.50

NOTE 6 - RECEIVABLES

Receivables at June 30, 2012 consisted of taxes, accounts, intergovernmental, and interfund loan receivables. All receivables are considered collectable in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 7 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2012:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$101,629	\$0
Other Governmental Funds	0	101,629
Totals	<u>\$101,629</u>	<u>\$101,629</u>

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

NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2012:

Historical Cost:

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Capital assets not being depreciated:				
Land	\$98,680	\$0	\$0	\$98,680
Capital assets being depreciated:				
Land Improvements	627,124	0	0	627,124
Buildings and Improvements	17,173,434	0	0	17,173,434
Machinery/Equipment and Furniture/Fixtures	4,150,249	47,906	0	4,198,155
Vehicles	971,816	0	0	971,816
Total Cost	<u>\$23,021,303</u>	<u>\$47,906</u>	<u>\$0</u>	<u>\$23,069,209</u>

Accumulated Depreciation:

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Land Improvements	(\$382,989)	(\$28,799)	\$0	(\$411,788)
Buildings and Improvements	(8,441,968)	(458,496)	0	(8,900,464)
Machinery/Equipment and Furniture/Fixtures	(3,799,092)	(42,003)	0	(3,841,095)
Vehicles	(847,467)	(7,762)	0	(855,229)
Total Depreciation	<u>(\$13,471,516)</u>	<u>(\$537,060) *</u>	<u>\$0</u>	<u>(\$14,008,576)</u>
Net Value:	<u>\$9,549,787</u>			<u>\$9,060,633</u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$510,657
Support Services:	
Instructional Staff	1,862
Administration	4,091
Fiscal Services	450
Operations & Maintenance of Plant	4,669
Pupil Transportation	9,569
Operation of Non-Instructional Services	4,649
Extracurricular Activities	1,113
Total Depreciation Expense	<u><u>\$537,060</u></u>

NOTE 9- DEFINED BENEFIT PENSION PLANS

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

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$215,766, \$192,921 and \$175,137 respectively, which were equal to the required contributions for each year.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 9- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

Plan Description - The District participates in 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan.

In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement 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 District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$640,918, \$640,052, and \$637,795 respectively; which were equal to the required contributions for each year.

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated 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 provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 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 2012, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$9,344, \$23,360, and \$38,051 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$12,742, \$12,415, and \$9,045 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$49,301, \$49,235, and \$49,061 respectively; which were equal to the required contributions for each year.

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended June 30, 2012 are as follows:

			Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amount Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
2000	Classroom Facilities	4.8-5.6%	\$16,000	\$0	\$0	\$16,000	\$6,361
2003	General Bond	3.5-4.9%	235,000	0	(30,000)	205,000	30,000
2011	Refunding Bond	1.9-4.0%	685,000	0	(75,000)	610,000	10,000
2012	Energy Conservation	1.75-4.0%	0	320,000	(25,000)	295,000	15,000
	Total General Obligation Bonds		936,000	320,000	(130,000)	1,126,000	61,361
	Capital Leases		44,510	8,917	(9,063)	44,364	10,340
	Compensated Absences		524,357	73,582	(83,450)	514,489	46,939
	Total Long-Term Obligations		<u>\$1,504,867</u>	<u>\$402,499</u>	<u>(\$222,513)</u>	<u>\$1,684,853</u>	<u>\$118,640</u>

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2012, follows:

Years	General Obligation Bonds	
	Principal	Interest
2013	\$61,361	\$132,932
2014	65,271	132,220
2015	69,368	131,050
2016	70,000	93,258
2017	125,000	30,143
2017-2021	545,000	89,543
2022-2026	190,000	11,800
Totals	<u>\$1,126,000</u>	<u>\$620,946</u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. Defeased Debt

In February 2011, the District partially refunded \$685,000 of General Obligation Bonds for Classroom Facilities Series 2000, dated July 5, 2000, through the issuance of \$685,000 of General Obligation Bonds. The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$625,000 at June 30, 2012, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - CAPITAL LEASE COMMITMENTS

The District is party to two leases for five copiers that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The original costs of the assets under capital lease are \$59,296.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2013	\$15,634
2014	15,634
2015	15,634
2016	<u>9,044</u>
Minimum Lease Payments	55,946
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(11,581)</u>
Present value of minimum lease payments	<u><u>\$44,365</u></u>

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13 - STATUTORY RESERVES

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

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

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2011	\$0
Current Year Set-Aside Requirement	198,308
Current Year Offset Credits	(76,806)
Qualifying Disbursements	(141,122)
Total	<u>(\$19,620)</u>
Balance Carried Forward to FY 2013	<u><u>\$0</u></u>

Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law. Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the extra amount for capital acquisition may not be used to reduce the set-aside requirements of future years. Negative amounts for capital acquisition are therefore not presented as being carried forward to the next fiscal year.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

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

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 14 - JOINTLY GOVERNED ORGANIZATION (Continued)

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

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of seventeen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 2012.

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CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2012 the District contracted with several different insurance providers for various insurance coverages, as follows:

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

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

The School District also maintained a limited medical insurance program for employees. Premiums were paid to a third party administrator, Medical Mutual of Ohio. The claims are processed by the third party administrator and monitored by the School District in conjunction with the third party administrator. As of December 1, 2011 the District switched from self-insured to fully insured with Anthem Blue Cross and Blue Shield. An internal service fund is presented in the financial statements and reflects premiums paid into the self-insurance fund by other funds, through November 30, 2011, which are available to pay claims and administrative costs, and establish claims reserves. After a one year run out on claims, the Self Insurance Fund balance will be returned to the employees and the District's General Fund based upon the percentage of premiums paid during the final year of the self-insurance plan. These proceedings will occur, pending Board approval in 2013.

The claims liability reported in the fund at June 30, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2012 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2011	\$580,938	\$603,999	(\$1,032,290)	\$152,647
2012	\$152,647	\$481,934	(\$634,581)	\$0

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 15 - RISK MANAGEMENT (Continued)

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

NOTE 16 – INSURANCE PURCHASING POOL

The District participates in Ohio SchoolComp, a Workers' Compensation Group Rating Plan (the "Plan"). This is a group rating plan as established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability 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 District at June 30, 2012.

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**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011/2012	10.555	\$ 16,681	\$ 16,681
Cash Assistance:				
School Breakfast Program	2011/2012	10.553	125,872	125,872
National School Lunch Program	2011/2012	10.555	272,859	272,859
Cash Assistance Subtotal			<u>398,731</u>	<u>398,731</u>
Total Child Nutrition Cluster			<u>415,412</u>	<u>415,412</u>
Total U.S. Department of Agriculture			415,412	415,412
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	2011	84.010	74,733	17,930
	2012		291,719	269,428
Total Title I Grants to Local Educational Agencies			<u>366,452</u>	<u>287,358</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	2011	84.389	<u>15,013</u>	<u>1,435</u>
Total Title I, Part A Cluster			381,465	288,793
Special Education Cluster:				
Special Education Grants to States	2011	84.027	6,954	17,673
	2012		226,659	219,055
Total Special Education Grants to States			<u>233,613</u>	<u>236,728</u>
Special Education Preschool Grants	2012	84.173	<u>5,878</u>	<u>5,878</u>
Total Special Education Cluster			239,491	242,606
Safe and Drug Free Schools and Communities - State Grants	2012	84.186	10,000	10,000
Education Technology State Grants	2012	84.318	354	0
Rural Education	2012	84.358	22,190	18,425
Improving Teacher Quality State Grants	2011	84.367	3,436	6,866
	2012		59,766	59,257
Total Improving Teacher Quality State Grants			<u>63,202</u>	<u>66,123</u>
ARRA - Teacher Incentive Fund, Recovery Act	2011	84.385	67,409	20,711
	2012		21,401	68,751
Total ARRA - Teacher Incentive Fund, Recovery Act			<u>88,810</u>	<u>89,462</u>
Twenty-First Century Community Learning Centers	2012	84.287	110,335	152,585
ARRA - Race to the Top, Recovery Act:				
Race to the Top Incentives Grant	2011	84.395	14,404	11,563
Race to the Top Incentives Grant	2011		43,979	48,865
Race to the Top Incentives Grant	2012		18,649	31,088
Ohio Resident Educator Fund	2012		350	350
Ohio Appalachain Collaboration	2012		69,123	69,801
Total ARRA - Race to the Top, Recovery Act			<u>146,505</u>	<u>161,667</u>
Education Jobs Fund	2011	84.410	26,807	51,453
	2012		93,417	91,365
Total Education Jobs Fund			<u>120,224</u>	<u>142,818</u>
Total U.S. Department of Education			<u>1,182,576</u>	<u>1,172,479</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,597,988</u>	<u>\$ 1,587,891</u>

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

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Crooksville Exempted Village School District
Perry County
4065 School Drive
Crooksville, Ohio 43701

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crooksville Exempted Village School District, Perry County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2013. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2012-05 described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-04 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-01 through 2012-03.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 13, 2013.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

March 13, 2013



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Crooksville Exempted Village School District, Perry County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

As described in findings 2012-06 through 2012-08 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding allowable costs/cost principles, cash management and reporting applicable to its Race to the Top, Recovery Act and Title I, Part A Cluster major federal programs. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Crooksville Exempted Village School District, Perry County, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-06 through 2012-08 to be material weaknesses.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 13, 2013.

The District's responses to the findings we identified are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 13, 2013

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified on Child Nutrition Cluster Qualified on Title I, Part A Cluster and Race to the Top, Recovery Act
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster – CFDA Nos. 10.555 and 10.553 Title I, Part A Cluster – CFDA Nos. 84.010 and 84.389 Race to the Top, Recovery Act – CFDA No. 84.395
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

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

FINDING NUMBER 2012-01

Noncompliance

Ohio Rev. Code Section 5705.40 requires any amended or supplemental appropriation measure to comply with all provisions of law governing the taxing authority in making an original appropriation. In addition, *C. B. Transportation, Inc. v. Butler County Board of Mental Retardations*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as *Burkholder v. Lauber*, 6 Ohio Misc. 152 (1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another.

On June 14, 2012, the Board approved the Treasurer to make all necessary appropriation modifications to ensure that all appropriation accounts have an adequate balance to cover all expenditures plus all outstanding encumbrances, which was determined by the Treasurer to constitute approval for final appropriation amendments for fiscal year 2012. Based upon this, the Treasurer filed and posted final appropriation amendments to the District's accounting ledgers at fiscal year-end. These appropriation amendments were not separately approved by the Board following the laws governing the adoption of the District's original appropriations. Therefore, these appropriation modifications are not considered legal appropriations of the District. The following differences were noted for the General Fund:

Line Item	Change
Instruction	\$13,747
Support Services - Pupils	182,706
Support Services - Instructional Staff	12,224
Support Services - Board of Education	13,610
Support Services - Administration	55,560
Support Services - Fiscal Services	(16,131)
Support Services - Operation and Maintenance of Plant	26,874
Support Services - Pupil Transportation	75,854
Extracurricular Activities	8,960
Debt Service - Interest and Fiscal Charges	16,073

Failure to properly amend appropriations could result in expenditures exceeding Board approved appropriations or Board approved appropriations in excess of estimated resources. These conditions could lead to deficit fund cash balances.

We recommend the Board approve any modifications to the District's appropriations following the same requirements used in adopting the School's original appropriations.

Official's Response: The Board approved the necessary appropriations at fiscal year-end in accordance with past practices. The District will comply with Auditor recommendation and have all necessary appropriation modifications approved as directed.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-02

Noncompliance

Ohio Rev. Code Section 5705.41(D)(3) states that fiscal officers may prepare so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

While the District followed procedures it believed would result in the effective certification of appropriations, certain provisions of the aforementioned budgetary law were not met for all the transactions we tested. Twenty-five percent of the super blanket certificates tested extended beyond the fiscal year end. As a result, the availability of funds was not properly certified through the use of super blanket certificates.

We recommend the Board of Education establish procedures to assure that super blanket certificates do not extend beyond the end of the fiscal year.

Official's Response: New Treasurer/CFO was not aware that "super blanket" certificates could not be utilized over differing fiscal years. This procedural change has been communicated and will be corrected in future years.

FINDING NUMBER 2012-03

Noncompliance

Ohio Rev. Code Section 5705.412(B) states, in part, that no school district shall adopt any appropriation measure, make any qualifying contract, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate, signed as required by this section, that the school district has in effect the authorization to levy taxes including the renewal or replacement of existing levies which, when combined with the estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel and programs for all the days set forth in its adopted school calendars for the current fiscal year and for a number of days in succeeding fiscal year equal to the number of days instruction was held or is scheduled for the current fiscal year.

The District approved appropriation measures throughout fiscal year 2012, however, the District did not certify that adequate revenues will be available to support the measures.

We recommend that Section 5705.412 certificates be executed for all appropriation measures, increased salary or wage schedules, and any other "qualifying contracts", including negotiated agreements as required.

Official's Response: Fully executed Section 5705.412 certificates will be required for all future appropriations, contracts, and negotiated agreements as required and recommended by the Auditor of State.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-04

Significant Deficiency

District management is responsible for maintaining an accounting system and accounting records sufficient to enable the District to identify, assemble, analyze, classify, record and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

In addition, the District's policy entitled "Inventories (Fixed Assets)" states that all equipment purchased as capital outlay or replacement with a cost in excess of \$1,500 or more and with an estimated useful life of 5 years or more is made part of the equipment inventory for reporting purposes. In addition, each building and additions to buildings are to be identified by location or name and are to be described in detail (e.g. size, number of floors, square footage, type of construction, etc.) with the value shown for all individual structures.

For fiscal year 2012 we noted capital outlay expenditures totaling \$436,191 for assets with useful lives in excess of five years which were not capitalized by the District. These assets consisted of upgrades to air conditioning systems (\$321,898), a scissor lift (\$14,946), and roof repairs to the high school (\$99,347). In addition, further review noted assets totaling \$192,340 from prior years that were not capitalized by the District.

Additionally, our review of the District's policy noted the following weaknesses:

- The policy did not include depreciation policies of the District including a comprehensive schedule of estimated useful lives, the asset classes subject to depreciation and method of depreciation (straight-line),
- The policy omitted classifications of assets (land, building, vehicles, etc.),
- The policy did not include criteria to be used when determining whether expenditures should be capitalized as improvements or expensed as maintenance and repair items, and
- The policy did not include a control process for ensuring that all expenditures for capital outlay are appropriately recorded on the District's capital asset records.

These weaknesses could allow for inconsistencies in reporting capital assets from year-to-year under generally accepted accounting principles. These weaknesses did result in the District's failure to capitalize new capital assets as noted above.

We recommend the District update its capital assets policy to address the above noted weaknesses. Once adopted, a copy of this policy should be provided both to the District personnel involved in the capital asset accounting process and to the consultant performing the District's financial statement compilation. The District should perform periodic reconciliations between capital outlay expenditures and capital asset acquisitions at the end of each year to ensure all expenditures meeting the District's policy are appropriately capitalized.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-04 (Continued)

Significant Deficiency (Continued)

Official's Response: The District agrees with the Auditor recommendation for a revision to Board Policy. This change will direct the Treasurer in establishing sound accounting procedures for classifying expenditures for capital purchases. The new policy will address useful lives for various types of purchases and provide guidance as to whether purchases are "Capital Outlay" to be capitalized or "Repairs & Maintenance" to be expensed. In addition, the District plans to complete a complete physical inventory to assure accuracy of the fixed asset listing for the District once the new policy is approved.

FINDING NUMBER 2012-05

Material Weakness

The District shall maintain an accounting system and accounting records sufficient to enable the District to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with generally accepted accounting principles.

During our audit of the District's basic financial statements we noted the following material misstatements:

- All receipts for the District's self-insurance fund were reported as All Other Revenue rather than as a line item that is descriptive of the source of revenue such as Charges for Services. This resulted in a reclassification of \$717,190 from All Other Revenue to Charges for Services.
- All expenses for the District's self-insurance fund were reported as Contractual Services rather than expenses being divided between those expenses paid for claims and those expenses paid for the administration of the program. This resulted in Contractual Services being overstated and Claims Expense being understated in the amount of \$481,934.

The District agreed to adjustments for the aforementioned amounts and subsequently posted the adjustments to the financial statements. These adjustments are accurately reflected in the accompanying financial statements.

In addition, we reported the following misstatements, which were not deemed material, to management as unadjusted differences:

- Net assets for the District's District Managed Activities Fund were reported on the Statement of Net Assets as Restricted for Other Purposes rather than as Unrestricted. This results in Restricted for Other Purposes being overstated and Unrestricted net assets being understated in the amount of \$20,698.
- The District failed to capitalize capital assets related to improvements and equipment for fiscal year 2012. This results in Depreciable Capital Assets and Invested in Capital Assets, Net of Related Debt being understated and expenses being overstated in the amount of \$436,191.
- The District failed to capitalize capital assets in previous years related to land and equipment. For 2012, this results in Beginning Net Assets, Depreciable Capital Assets, and Invested in Capital Assets, Net of Related Debt being understated in the amount of \$192,340.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

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

FINDING NUMBER 2012-05 (Continued)

Material Weakness (Continued)

- The District posted appropriation amendments to the accounting system that were not legally adopted by the Board of Education. This results in the District's final budget being overstated or understated in the amounts identified in Finding Number 2012-01.
- The District recorded compensated absences payable that had matured as of June 30, 2012 as a long-term liability on the Statement of Net Assets rather than as a current liability. This results in Long Term Liabilities Due Within One Year being overstated and matured Compensated Absences Payable being understated in the amount of \$17,689.

Failure to properly report financial activity in accordance with generally accepted accounting principles could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the District's financial position and operations.

We recommend the District take the necessary steps to ensure that all assets, liabilities, and equity of the District are properly presented and disclosed in the District's basic financial statements. In addition we recommend the District post financial transactions to the accounting system in a manner that segregates revenues and expenses based upon the source and nature of the transactions.

Official's Response: The District agrees with the reclassification of revenues, assets, and liabilities from the District's Self-insurance Fund, Activities Funds, and Financial Statements as presented by the Auditor. The required adjustments presented during the audit have been corrected in the District's Fiscal Year 2012 Financial Statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2012-06
CFDA Title and Number	Title I, Part A Cluster, CFDA #84.010 and 84.389 Race to the Top, Recovery Act CFDA #84.395A
Federal Award Number / Year	2012 – 2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2012-06 (Continued)

Questioned Costs, Noncompliance, and Material Weaknesses – Allowable Costs/Cost Principles

2 C.F.R. 225, Appendix B (8)(h) provides, in part, salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on more than one Federal award, or a federal award and a non-Federal award. Personal activity reports or equivalent documentation must meet the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which the employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for that period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

In addition 2 C.F.R. 225, Appendix B (32)(a) and (32)(b)(8) provides, in part, cost of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the governmental unit, are allowable, subject to subparagraphs b and c when reasonable in relation to services rendered. In determining the allowability of costs in a particular case, the adequacy of the contractual agreement for the service should be considered (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

The following exceptions were noted with regards to the abovementioned sections of code:

- The District failed to complete time and effort logs or equivalent documentation to support charges for salaries and wages for 33 percent of employees tested. One of these employees worked on multiple activities including the Title I Grant. As a result, the District paid the individual a salary of \$39,943 from Title I monies for time that could not be identified as Title I activity. This projects to a questioned cost for the Title I Grant of \$85,349.
- The District failed to complete time and effort logs or equivalent documentation to support charges for salaries and wages for an employee not working solely on the Race to the Top program. As a result, the School paid the individual a salary of \$11,400 from Race to the Top monies for time that could not be identified as Race to the Top activity. Therefore, we are questioning this cost in the amount of \$11,400 for the Race to the Top grant.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2012-06 (Continued)

Questioned Costs, Noncompliance, and Material Weaknesses – Allowable Costs/Cost Principles (Continued)

We recommend the District maintain the required time and effort records. These records should then be used to adjust budgeted grant costs to actual grant costs on at least a quarterly basis. We further recommend an effective system of reconciling the personal activity reports with the actual payroll costs charged to each federal grant cost and cost objective to ensure the completeness and accuracy of charges made to each program by the grant coordinators.

Official’s Response and Corrective Action Plan: The District will implement time and effort logs for employee activities within Federal Grants and Treasurer will review the documentation quarterly to ensure compliance. It had not been past practice of the District to maintain such record of activities. The required time was spent within the scope of the grants questioned, but acceptable supporting documentation was not available at the time of the audit.

Finding Number	2012-07
CFDA Title and Number	Title I, Part A Cluster, CFDA #84.010 and 84.389 Race to the Top, Recovery Act CFDA #84.395A
Federal Award Number / Year	2012 – 2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness – Cash Management

34 C.F.R. 80.21(c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. 34 C.F.R. 80.20(b)(7) states procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Ohio Department of Education CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 C.F.R. 80.21). To receive approval consideration, cash requests must be made *for immediate needs for the month requested*. Funds may be requested for a maximum of one month plus any negative cash balance. To comply with the “Cash Management Act” 31 C.F.R. part 205, the time lapsed between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds must be expended within the period of time for which cash is requested.

**CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2012-07 (Continued)

Noncompliance and Material Weakness – Cash Management (Continued)

For the Race to the Top grant, three of ten drawdowns (30%) were not spent by the end of the month as required by the Ohio Department of Education.

For the Title I Fund grant, five of the nine drawdowns (56%) were not spent by the end of the month as required by the Ohio Department of Education.

Interest earned on excess funds was calculated to be less than \$100.

We recommend the Treasurer review fund balances periodically to ensure that all federal receipts are expended within the required period. We also recommend that the District promptly remit total interest over \$100 per year that may have been earned on the advances to the Department of Education.

Official's Response and Corrective Action Plan: In response to the Cash Management requirements for Federal Awards, the District will not request any advances that will not be expended within thirty days. New Treasurer was not aware of this requirement at the time of the project cash requests.

Finding Number	2012-08
CFDA Title and Number	Title I, Part A Cluster, CFDA #84.010 and 84.389 Race to the Top, Recovery Act CFDA #84.395A
Federal Award Number / Year	2012 – 2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness - Reporting

34 C.F.R. 76.722 states that a State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 C.F.R. 76.720 and in carrying out other responsibilities under the program. The State of Ohio requires its subgrantees to submit final expenditure reports no later than 90 days after the end of the project period for programs contained in the Comprehensive Continuous Improvement Plan (CCIP) and no later than 60 days after the end of the project period for programs applied for using a paper process.

The District failed to submit 25% of its Race to the Top and 33% of its Title I final expenditure reports tested within the required time period.

We recommend the District review and submit its completed final expenditure reports within the time period required by the State of Ohio.

Official's Response and Corrective Action Plan: The District will file all grant Final Expenditure Reports when due, noting that the paper grants are required in 60 days, not 90 days as with all other CCIP grants.

**CROOKSVILLE VILLAGE SCHOOL DISTRICT
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Treasurer received compensation greater than Board approved fixed compensation, and compensation was paid from various Federal Grants.	Yes	



Dave Yost • Auditor of State

CROOKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2013**