

MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT



Basic Financial Statements

June 30, 2012



Dave Yost • Auditor of State

Board of Education
Mount Gilead Exempted Village School District
145 1/2 N. Cherry Street
Mount Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Mount Gilead Exempted Village School District, Morrow County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 31, 2013

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mount Gilead Exempted Village School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Mount Gilead Exempted Village School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit and remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position 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 December 14, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 14, 2012

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

The discussion and analysis of Mount Gilead 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Net assets of governmental activities decreased \$328,274 which represents a 1% decrease from 2011.
- General revenues accounted for \$11,304,968 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,167,467 or 22% of total revenues of \$14,472,435 .
- The District had \$14,800,709 in expenses related to governmental activities; \$3,167,467 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,304,968 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2012?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of 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.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

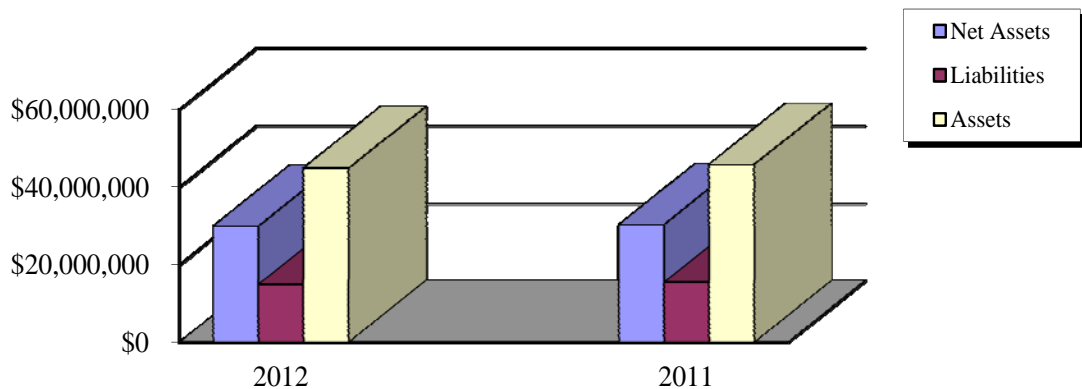
The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for fiscal year 2012 compared to fiscal year 2011:

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

**Table 1
Net Assets**

	Governmental Activities	
	2012	2011
Assets:		
Current and Other Assets	\$13,381,512	\$13,453,829
Capital Assets	31,447,403	32,257,975
Total Assets	44,828,915	45,711,804
Liabilities:		
Other Liabilities	5,382,039	5,569,817
Long-Term Liabilities	9,519,593	9,886,430
Total Liabilities	14,901,632	15,456,247
Net Assets:		
Invested in Capital Assets, Net of Related Debt	24,177,936	24,559,144
Restricted	3,009,285	2,835,634
Unrestricted	2,740,062	2,860,779
Total Net Assets	\$29,927,283	\$30,255,557



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$29,927,283.

At year-end, capital assets represented 70% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2012, was \$24,177,936. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

A portion of the District's net assets, \$3,009,285 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased mainly due to current year depreciation expense exceeding current year additions. Total liabilities also decreased due to the District decreasing their long-term debt by making timely principal payments.

Table 2 shows the changes in net assets for fiscal years 2012 and 2011.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2012	2011 Reclassified
Revenues:		
Program Revenues		
Charges for Services	\$1,149,016	\$1,320,265
Operating Grants, Contributions	2,018,451	2,485,023
General Revenues:		
Income Taxes	1,014,686	954,481
Property Taxes	3,850,546	3,512,320
Grants and Entitlements	5,729,265	5,457,740
Other	710,471	670,184
Total Revenues	14,472,435	14,400,013
Program Expenses:		
Instruction	8,181,258	7,826,278
Support Services:		
Pupil and Instructional Staff	1,614,717	1,442,675
School Administrative, General Administration, and Fiscal	1,616,425	1,325,825
Operations and Maintenance	1,459,671	1,300,110
Pupil Transportation	661,024	648,796
Central	24,172	29,076
Operation of Non-Instructional Services	437,707	403,550
Extracurricular Activities	378,491	372,505
Interest and Fiscal Charges	427,244	461,255
Total Program Expenses	14,800,709	13,810,070
Change in Net Assets	(328,274)	589,943
Net Assets Beginning of Year	\$30,255,557	\$29,665,614
Net Assets End of Year	\$29,927,283	\$30,255,557

**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

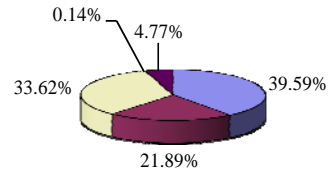
The District revenues are mainly from three sources. Income taxes, property taxes levied for general, special revenue, debt services, and capital projects purposes and grants and entitlements comprised 73% of the District’s revenues for governmental activities.

The District depends greatly on both income and property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a 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.

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property and income taxes made up 34% of revenue for governmental activities for the District in fiscal year 2012.

**Governmental Activities
Revenue Sources**

<u>Revenue Sources</u>	<u>2012</u>	<u>Percent of Total</u>
General Grants	\$5,729,265	39.6%
Program Revenues	3,167,467	21.9%
General Tax Revenues	4,865,232	33.6%
Investment Earnings	19,887	0.1%
Other Revenues	690,584	4.8%
	<u>\$14,472,435</u>	<u>100.0%</u>



Instruction comprises 55.3% of governmental program expenses. Support services expenses were 36.3% of governmental program expenses. All other program expenses including interest expense were 8.4%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Total Revenues remained relatively consistent from 2011 to 2012. Total expenses increased mainly due to increases in personnel costs and general inflationary factors.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011 Reclassified
Instruction	\$8,181,258	\$7,826,278	(\$5,864,977)	(\$5,226,239)
Support Services:				
Pupil and Instructional Staff	1,614,717	1,442,675	(1,551,239)	(1,038,282)
School Administrative, General				
Administration and Fiscal	1,616,425	1,325,825	(1,611,912)	(1,318,657)
Operations and Maintenance	1,459,671	1,300,110	(1,403,578)	(1,236,700)
Pupil Transportation	661,024	648,796	(624,574)	(584,255)
Central	24,172	29,076	(24,172)	(21,657)
Operation of Non-Instructional Services	437,707	403,550	47,884	63,193
Extracurricular Activities	378,491	372,505	(173,430)	(180,930)
Interest and Fiscal Charges	427,244	461,255	(427,244)	(461,255)
Total Expenses	<u>\$14,800,709</u>	<u>\$13,810,070</u>	<u>(\$11,633,242)</u>	<u>(\$10,004,782)</u>

The District's Funds

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of the general and debt service fund comprised \$10,248,851 (87%) of the total \$11,823,560 governmental funds assets.

General Fund: Fund balance at June 30, 2012 was \$2,835,180, a decrease in fund balance of \$80,947 from 2011. The primary reason for the decrease in fund balance was the increase in operation and maintenance expenses due to an increase in maintenance throughout the District.

Debt Service Fund: Fund balance at June 30, 2012 was \$1,627,933, an increase in fund balance of \$96,013, which was mainly due to an increase in homestead and rollback revenues on the accrual basis.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the District amended its general fund budget at times, however none were significant. The District's budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$11,804,008 and the original budgeted revenue was \$10,985,499. The difference was \$818,509. Of this difference, most was due to underestimates of tax and intergovernmental revenue.

The District's final budgeted revenue when compared to the actual revenue had a variance of \$569,017 mostly due to overestimates in taxes and intergovernmental revenue. The District's final budgeted expenditures when compared to actual expenditures had a variance of \$302,583, mostly due to the overestimates in regular and operation and maintenance expenditures. The District's ending unobligated actual fund balance for the General fund was \$3,005,576.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$31,447,403 invested in land, land improvements, buildings and improvements, and equipment. Table 4 shows fiscal year 2012 balances compared to fiscal year 2011:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2012	2011
Land	\$26,121	\$26,121
Land Improvements	115,845	147,086
Buildings and Improvements	30,752,452	31,377,422
Equipment	552,985	707,346
Total Net Capital Assets	<u>\$31,447,403</u>	<u>\$32,257,975</u>

Overall, capital assets decreased due to current year depreciation expense exceeded current year additions.

See note 7 in the notes to the basic financial statements for further details on the District's capital assets.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Long-Term Obligations

At June 30, 2012, the District had \$8,882,966 in bonds and capital leases outstanding, \$559,000 due within one year. Table 5 summarizes bonds outstanding.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2012	2011
1998 Library Bonds	\$0	\$740,000
2000 Capital Appreciation Bonds	9,986	9,986
2000 Accreted Interest Bonds	570,258	539,486
2005 Refunding Bonds	5,665,000	6,060,000
2005 Capital Appreciation Bonds	325,000	325,000
2005 Accreted Interest Bonds	357,469	285,810
2011 Refunding Bonds	610,000	0
2011 Capital Appreciation Bonds	45,000	0
2011 Accreted Interest Bonds	6,062	0
Premium on Refunding Bonds	409,330	392,769
Deferred Charges	(280,139)	(281,924)
Lease - Purchase Agreement	1,165,000	1,193,000
Total	<u>\$8,882,966</u>	<u>\$9,264,127</u>

See notes 8, 9 and 10 in the notes to the basic financial statements for further details on the District's outstanding debt.

For the Future

A challenge facing the District is the future of state funds. On December 11, 2002, the Ohio Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

In July, 2009, the Ohio's Governor signed HB 1, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The new Ohio Evidence-Based Model (OEBM) replaces the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. If ever fully-funded, the new model has the potential to drive funding based on student needs and could result in additional revenue. However, the current economic crisis has reduced revenue at the state level prompting budget reduction measures across the State. As such, the funding for the OEBM started in FY10 by allocating the funding for each year based on 99% of the FY09 funding and 98% of the FY10 funding, respectively. Federal stimulus funds are being used in Ohio to balance the education budget and as such, funding for public education at the current level is not secure beyond FY11. This uncertainty could have a major impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be monitored closely.

In June, 2011, Ohio's Governor signed HB153, the state biennium budget bill for 2012 and 2013. Language included in HB153 eliminated the OEBM funding model. As of this date a new funding model has not been developed. The district has been guaranteed the same basic level of funding in Fiscal Year 2012 as in Fiscal Year 2011.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 the Treasurer's office at Mount Gilead Exempted Village School District, 145 North Cherry Street, Mount Gilead, Ohio 43338.

Mount Gilead Exempted Village School District, Ohio
Statement of Net Assets
June 30, 2012

	Governmental Activities	Component Unit	Total
Assets:			
Equity in Pooled Cash and Investments	\$5,797,766	\$425,914	\$6,223,680
Cash and Cash Equivalents with Fiscal Agent	1,538,254	0	1,538,254
Receivables:			
Taxes	5,654,260	0	5,654,260
Interest	5,057	0	5,057
Intergovernmental	185,207	18,258	203,465
Due from component unit	71,776	0	71,776
Deferred Bond Issuance Costs	129,192	0	129,192
Nondepreciable Capital Assets	26,121	0	26,121
Depreciable Capital Assets, Net	31,421,282	132,016	31,553,298
Total Assets	44,828,915	576,188	45,405,103
Liabilities:			
Accounts Payable	33,273	0	33,273
Accrued Wages and Benefits	1,210,394	0	1,210,394
Accrued Interest Payable	25,688	0	25,688
Unearned Revenue	3,998,938	0	3,998,938
Claims Payable	113,746	0	113,746
Intergovernmental payable	0	29,630	29,630
Due to Primary Government	0	71,776	71,776
Long-Term Liabilities:			
Due Within One Year	743,370	0	743,370
Due In More Than One Year	8,776,223	0	8,776,223
Total Liabilities	14,901,632	101,406	15,003,038
Net Assets:			
Invested in Capital Assets, Net of Related Debt	24,177,936	132,016	24,309,952
Restricted for:			
Facilities Maintenance	337,580	0	337,580
Debt Service	1,717,030	0	1,717,030
Capital Projects	726,831	0	726,831
Federally Funded Programs	0	43,702	43,702
Food Service	151,338	0	151,338
Federal Grants	32,639	0	32,639
Other Purposes	43,867	0	43,867
Unrestricted	2,740,062	299,064	3,039,126
Total Net Assets	\$29,927,283	\$474,782	\$30,402,065

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Component Unit	
Governmental Activities:						
Instruction:						
Regular	\$5,341,745	\$640,123	\$495,390	(\$4,206,232)	\$0	(\$4,206,232)
Special	1,462,912	18,967	1,080,077	(363,868)	0	(363,868)
Vocational	268,705	0	69,778	(198,927)	0	(198,927)
Other	1,107,896	9,737	2,209	(1,095,950)	0	(1,095,950)
Support Services:						
Pupil	971,174	0	298	(970,876)	0	(970,876)
Instructional Staff	643,543	0	63,180	(580,363)	0	(580,363)
General Administration	44,242	0	0	(44,242)	0	(44,242)
School Administration	1,021,334	0	0	(1,021,334)	0	(1,021,334)
Fiscal	550,849	0	4,513	(546,336)	0	(546,336)
Operations and Maintenance	1,459,671	49,817	6,276	(1,403,578)	0	(1,403,578)
Pupil Transportation	661,024	0	36,450	(624,574)	0	(624,574)
Central	24,172	0	0	(24,172)	0	(24,172)
Operation of Non-Instructional Services	437,707	225,311	260,280	47,884	0	47,884
Extracurricular Activities	378,491	205,061	0	(173,430)	0	(173,430)
Interest and Fiscal Charges	427,244	0	0	(427,244)	0	(427,244)
Total Governmental Activities	14,800,709	1,149,016	2,018,451	(11,633,242)	0	(11,633,242)
Component Unit:						
Tomorrow Center	1,321,556	0	1,446,675	0	125,119	125,119
Totals	\$16,122,265	\$1,149,016	\$3,465,126	(11,633,242)	125,119	(11,508,123)
General Revenues:						
Income Taxes				1,014,686	0	1,014,686
Property Taxes Levied for:						
General Purposes				2,917,906	0	2,917,906
Special Revenue Purposes				56,753	0	56,753
Debt Service Purposes				846,603	0	846,603
Capital Projects Purposes				29,284	0	29,284
Grants and Entitlements not Restricted				5,729,265	0	5,729,265
Investment Earnings				19,887	413	20,300
Other Revenues				690,584	13,872	704,456
Total General Revenues				11,304,968	14,285	11,319,253
Change in Net Assets				(328,274)	139,404	(188,870)
Net Assets Beginning of Year				30,255,557	335,378	30,590,935
Net Assets End of Year				<u>\$29,927,283</u>	<u>\$474,782</u>	<u>\$30,402,065</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$3,046,266	\$1,485,165	\$1,266,335	\$5,797,766
Receivables:				
Taxes	4,638,086	893,007	123,167	5,654,260
Interest	5,057	0	0	5,057
Intergovernmental	0	0	185,207	185,207
Due from component unit	71,776	0	0	71,776
Interfund	109,494	0	0	109,494
Total Assets	7,870,679	2,378,172	1,574,709	11,823,560
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	31,194	0	2,079	33,273
Accrued Wages and Benefits	1,104,669	0	105,725	1,210,394
Compensated Absences	133,431	0	0	133,431
Interfund Payable	0	0	109,494	109,494
Deferred Revenue	3,766,205	750,239	139,355	4,655,799
Total Liabilities	5,035,499	750,239	356,653	6,142,391
Fund Balances:				
Restricted	0	1,627,933	1,262,949	2,890,882
Assigned	188,513	0	0	188,513
Unassigned	2,646,667	0	(44,893)	2,601,774
Total Fund Balances	2,835,180	1,627,933	1,218,056	5,681,169
Total Liabilities and Fund Balances	\$7,870,679	\$2,378,172	\$1,574,709	\$11,823,560

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2012

Total Governmental Fund Balance		\$5,681,169
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		31,447,403
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	621,231	
Interest	3,578	
Intergovernmental	<u>32,052</u>	
		656,861
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,424,508
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(25,688)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(503,196)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		129,192
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(8,882,966)</u>
Net Assets of Governmental Activities		<u><u>\$29,927,283</u></u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$3,979,911	\$761,411	\$86,713	\$4,828,035
Tuition and Fees	671,577	0	0	671,577
Investment Earnings	19,345	0	253	19,598
Intergovernmental	6,346,160	109,193	1,497,115	7,952,468
Extracurricular Activities	99,901	0	102,410	202,311
Charges for Services	49,752	0	225,376	275,128
Other Revenues	690,583	0	0	690,583
Total Revenues	11,857,229	870,604	1,911,867	14,639,700
Expenditures:				
Current:				
Instruction:				
Regular	4,162,408	0	510,964	4,673,372
Special	1,177,478	0	419,864	1,597,342
Vocational	268,894	0	0	268,894
Other	1,107,896	0	0	1,107,896
Support Services:				
Pupil	965,316	0	7,851	973,167
Instructional Staff	473,602	0	134,376	607,978
General Administration	44,242	0	0	44,242
School Administration	988,538	0	0	988,538
Fiscal	486,492	30,393	4,159	521,044
Operations and Maintenance	1,425,741	0	4,967	1,430,708
Pupil Transportation	527,546	0	0	527,546
Central	24,172	0	0	24,172
Operation of Non-Instructional Services	1,000	0	415,069	416,069
Extracurricular Activities	215,361	0	88,841	304,202
Capital Outlay	29,570	0	3,343	32,913
Debt Service:				
Principal Retirement	0	480,000	28,000	508,000
Interest and Fiscal Charges	28,624	264,133	29,742	322,499
Bond Issuance Cost	0	28,241	0	28,241
Total Expenditures	11,926,880	802,767	1,647,176	14,376,823
Excess of Revenues Over (Under) Expenditures	(69,651)	67,837	264,691	262,877
Other Financing Sources (Uses):				
Payments to Refunding Bond Escrow Agent	0	(681,459)	0	(681,459)
Issuance of Refunding Bonds	0	665,000	0	665,000
Refunding Bond Premium	0	44,700	0	44,700
Transfers In	0	0	11,296	11,296
Transfers (Out)	(11,296)	0	0	(11,296)
Total Other Financing Sources (Uses)	(11,296)	28,241	11,296	28,241
Net Change in Fund Balance	(80,947)	96,078	275,987	291,118
Fund Balance Beginning of Year	2,916,127	1,531,855	942,069	5,390,051
Fund Balance End of Year	\$2,835,180	\$1,627,933	\$1,218,056	\$5,681,169

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balance - Total Governmental Funds \$291,118

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Depreciation Expense (810,572)

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

Delinquent Property Taxes	(54,447)	
Interest	289	
Intergovernmental	<u>(113,107)</u>	(167,265)

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Refunding Bonds	(665,000)	
Bonds Refunded	665,000	
Bond Issuance Costs	28,241	
Premium on Bonds Issued	(44,700)	
Deferred Charge issued	<u>16,459</u>	0

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 508,000

Interest expense in the statement of activities differs from the amount reported in governmental funds for two reasons. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding due to premium and bond issuance costs.

Accrued Interest 3,747

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

Compensated Absences	88,708	
Amortization of Bond Issuance Cost	(9,894)	
Amortization of Bond Premium	28,139	
Bond Accretion	(108,493)	
Deferred Charge	<u>(18,244)</u>	(19,784)

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (133,518)

Change in Net Assets of Governmental Activities (\$328,274)

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Net Assets
Proprietary Fund
June 30, 2012

	<u>Governmental Activities- Internal Service Fund</u>
Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>\$1,538,254</u>
Total Current Assets	<u>1,538,254</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>113,746</u>
Total Current Liabilities	<u>113,746</u>
Net Assets:	
Unrestricted	<u>1,424,508</u>
Total Net Assets	<u><u>\$1,424,508</u></u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

	Governmental Activities- Internal Service Fund
Operating Revenues:	
Charges for Services	\$1,358,865
Total Operating Revenues	1,358,865
Operating Expenses:	
Purchased Services	387,329
Contract Services	1,134,434
Total Operating Expenses	1,521,763
Operating Income (Loss)	(162,898)
Non-Operating Revenues (Expenses):	
Investment Earnings	29,380
Total Non-Operating Revenues (Expenses)	29,380
Change in Net Assets	(133,518)
Net Assets Beginning of Year	1,558,026
Net Assets End of Year	\$1,424,508

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$1,381,844
Cash Payments to Employees	(392,440)
Cash Payments to Suppliers	<u>(1,165,252)</u>
Net Cash Provided (Used) by Operating Activities	<u>(175,848)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>29,380</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>29,380</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(146,468)
Cash and Cash Equivalents Beginning of Year	<u>1,684,722</u>
Cash and Cash Equivalents End of Year	<u><u>1,538,254</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(162,898)
Increase (Decrease) in Payables	<u>(12,950)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$175,848)</u></u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Scott Morrison Memorial Fund</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	<u>\$4,612</u>	<u>\$20,883</u>
Total Assets	<u>4,612</u>	<u>\$20,883</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>20,883</u>
Total Liabilities	<u>0</u>	<u>\$20,883</u>
Net Assets:		
Held in Trust	<u>4,612</u>	
Total Net Assets	<u>\$4,612</u>	

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2012

	<u>Scott Morrison Memorial Fund</u>
Additions:	
Donations	<u>\$0</u>
Total Additions	<u>0</u>
Deductions:	
Scholarships	<u>488</u>
Total Deductions	<u>488</u>
Change in Net Assets	(488)
Net Assets Beginning of Year	<u>5,100</u>
Net Assets End of Year	<u><u>\$4,612</u></u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the School District

The Mount Gilead Exempted Village School District (the “District”) is located in Morrow County, including all of the Village of Mount Gilead, Ohio, and portions of surrounding townships. The District serves an area of approximately 68 square miles.

The District was established in 1873 through the consolidation of existing land areas and school districts, and in 1960 the Edison School District also became part of the Mount Gilead Exempted Village School District. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 419th largest by enrollment among the 905 public school districts and community schools in the State and the 2nd largest in Morrow County. It currently operates one elementary school and one combined building for the middle school and high school. The District employs 42 non-certified and 96 certified employees to provide services to approximately 1,317 students in grades K through 12 and various community groups.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District’s significant accounting policies are described below.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has one component unit. The basic financial statements of the reporting entity include those of the District (the primary government) and those of The Tomorrow Center Community School (component unit).

The following organizations are described due to their relationship to the District:

Discretely Presented Component Unit

The Tomorrow Center Community School (Center) The Center is a legally separate, conversion community school, serviced by a Board of Directors. The Center focuses on serving students at risk of or already in therapeutic residential placement and provides an alternative to the traditional educational setting. The Center was organized under Ohio Revised Code Chapter 3314 and the District is the sponsor. The Center was founded utilizing existing programs within the existing structure of the District. The employees of the Center remain part of the collective bargaining unit of the District. Based on the significant services provided by the District to the Center and the Center's purpose of serving the students within the District, the Center is reflected as a component unit of the District. The Center is reported separately to emphasize that it is legally separate from the District. The Center paid the District \$579,429 for contract services provided by the District during fiscal year 2012. Separately issued financial statements for the Center can be obtained from the Treasurer of the Tomorrow Center Community School, Trevor Gummere, at 145 North Cherry Street, P.O. Box 239, Mount Gilead, Ohio 43338.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit can be found in Note 19 to these basic financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Jointly Governed Organizations

Tri-Rivers Educational Computer Association (TRECA) TRECA is a jointly governed organization among 21 school districts. TRECA was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these schools supports TRECA based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. TRECA is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information is available from Mike Carder, Director, at 2222 Marion/Mount Gilead Road, P.O. Box 239, Marion, Ohio 43302.

Tri Rivers Career Center The Tri Rivers Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio. The Career Center is operated under the direction of a Board consisting of one representative from each of the participating school district's elected board, and one representative from the Educational Service Center of Central Ohio. The Career Center possesses its own budgeting and taxing authority. Financial information is available from the Tri Rivers Career Center, at 2222 Marion/Mount Gilead Road, Marion, Ohio 43302.

Related Organization

Mount Gilead Public Library The Mount Gilead Public Library (the "Library") is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and has issued tax related debt on behalf of the Library, its role is limited to a ministerial function. The Library may issue debt and determines its own budget. Library general obligation debt currently serviced by the District is described in Note 9 and 10.

Insurance Purchasing Pools

Ohio Mid-Eastern Regional Education Services Agency The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing medical/surgical, dental and vision insurance. OME-RESA is governed by a Board of Directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2012, the District paid \$1,574,457 to OME-RESA.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Workers' Compensation The District has initiated a comprehensive change to Careworks out of Dublin, Ohio to bring the MCO (Manage Care Organization) and the Workers' Compensation to an integrated deployment.

Fund Accounting

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

Governmental Funds

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

The following are the District's major governmental funds:

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

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

Proprietary Fund

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is 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 only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fiduciary Funds

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

Basis of Presentation and Measurement Focus

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 operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

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, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund 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 activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is sales and charges for services. Operating expenses for internal service funds include the claims and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, school district income tax, tuition and grants.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

Equity in Pooled Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2012, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), municipal bonds, mutual funds and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

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 shares price which is the price the investment could be sold for on June 30, 2012.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$19,345 and \$253 credited to other governmental funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at fiscal year end is provided later in the notes.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During the year, the District maintained a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. The District does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land Improvements	15 - 20 years
Buildings and Improvements	20 - 70 years
Equipment	5 - 15 years

Interfund Activity

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service; or twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Compensated absences will be paid from the fund from which the employee’s salaries are paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit cash balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Restricted Assets

Restricted assets in the general fund represent equity in pooled cash and investments set aside for retainage payable.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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. Of the \$3,052,987 in restricted net assets, none were restricted by enabling legislation.

Parochial School

Mount Gilead Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and fiduciary responsibility of these State monies by the District is reflected in a nonmajor governmental fund for financial reporting purposes.

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAROhio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Cash and Cash Equivalents with Fiscal Agent

At fiscal year end, the District had a cash balance with the Ohio Mid-Eastern Regional Education Service Agency Self-funded Insurance Program (the “Program”) of \$1,538,254. This money is held by the Program’s fiscal agent in a pooled account which is representative of numerous entities and therefore, cannot be classified by risk.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2012, \$2,031,331 of the District’s bank balance of \$2,780,504 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2012, the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Mutual Funds	\$157,225	0.00
STAR Ohio	483,499	0.16
Negotiable CDs	2,363,337	0.52
Municipal Bonds	251,291	0.15
Total Fair Value	<u>\$3,255,352</u>	
Portfolio Weighted Average Maturity		0.41

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in Municipal Bonds were rated AA+ by Standard & Poor’s and Fitch Ratings and AA1 by Moody’s Investors Service. Investments in Negotiable CDs were either rated AA3, BA2, BAA3 or were not rated by Moody’s Investors Service. Investments in STAROhio were rated AAAM by Standard & Poors. Negotiable CDs were not rated by Standard & Poor’s and Fitch Ratings. Mutual funds were not rated.

Concentration of Credit Risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District has 5% invested in Mutual Funds, 15% invested in STAROhio, 72% invested in Negotiable CD’s, and 8% invested in Municipal Bonds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property tax revenue received during calendar year 2012 (other than public utility property tax) represents the collection of 2012 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2012 were levied after April 1, 2011, on the value as of December 31, 2011. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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. The District receives property taxes from Morrow 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 2013 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2012. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal operations.

The assessed value, by property classification, upon which taxes collected in 2012 were based as follows:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$148,174,050
Public Utility Personal	<u>5,372,960</u>
Total	<u><u>\$153,547,010</u></u>

Note 5 - School District Income Tax

During 2003, voters of the District passed a renewal of the 3/4% income tax, effective for five years and in 2008, the income tax was renewed. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal year 2012, credited to the general fund, was \$1,014,686.

Note 6 – Receivables

Receivables at June 30, 2012, consisted of taxes, interest, due from component unit, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 7 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$26,121	\$0	\$0	\$26,121
Total Capital Assets, not being depreciated	<u>26,121</u>	<u>0</u>	<u>0</u>	<u>26,121</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	362,789	0	0	362,789
Buildings and Improvements	34,957,072	0	0	34,957,072
Equipment	<u>2,772,271</u>	<u>0</u>	<u>0</u>	<u>2,772,271</u>
Total Capital Assets, being depreciated:	<u>38,092,132</u>	<u>0</u>	<u>0</u>	<u>38,092,132</u>
Totals at Historical Cost	<u>38,118,253</u>	<u>0</u>	<u>0</u>	<u>38,118,253</u>
Less Accumulated Depreciation:				
Land Improvements	215,703	31,241	0	246,944
Buildings and Improvements	3,579,650	624,970	0	4,204,620
Equipment	<u>2,064,925</u>	<u>154,361</u>	<u>0</u>	<u>2,219,286</u>
Total Accumulated Depreciation	<u>5,860,278</u>	<u>810,572</u>	<u>0</u>	<u>6,670,850</u>
Governmental Activities Capital Assets, Net	<u>\$32,257,975</u>	<u>(\$810,572)</u>	<u>\$0</u>	<u>\$31,447,403</u>
Instruction:				
Regular		\$503,025		
Special		4,726		
Vocational		17,572		
Support Services:				
Pupil		3,265		
Instructional Staff		14,360		
School Administration		9,738		
Operations and Maintenance		28,959		
Pupil Transportation		132,999		
Operation of Non-Instructional Services		21,638		
Extracurricular Activities		<u>74,289</u>		
Total Depreciation Expense		<u>\$810,571</u>		

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 8 - Capitalized Leases - Lessee Disclosure

Lease Purchase Agreement

On January 18, 2007, the District entered into a lease-purchase for school facilities construction through the OASBO Expanded Asset Pooled Financing Program. US Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments is general operating revenue of the District. All of the District's projects have been completed as of June 30, 2012.

The following is a summary of the District's future minimum annual payments to termination of the lease purchase agreement:

Fiscal Year Ending June 30,	Long-Term Debt
2013	\$81,923
2014	82,543
2015	82,094
2016	82,576
2017	81,989
2018-2022	409,633
2023-2027	409,653
2028-2032	411,080
2033-2035	246,192
Total Minimum Lease Payments	1,887,683
Less: Amount Representing Interest	(722,683)
Present Value of Minimum Lease Payments	<u>\$1,165,000</u>

This Space Intentionally Left Blank

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 9 - Long-Term Obligations

During the fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
1998 Library Bonds - *	Various	\$740,000	\$0	(\$740,000)	\$0	\$0
2000 School Improvement Bond -						
Capital Appreciation		9,986	0	0	9,986	0
Accretion of Interest		539,486	30,772	0	570,258	0
2005 School Improvement Refunding Bonds -						
Current Interest	3.25%	6,060,000	0	(395,000)	5,665,000	435,000
Capital Appreciation		325,000	0	0	325,000	0
Accretion of Interest		285,810	71,659	0	357,469	0
Premium		392,769	0	(22,551)	370,218	0
Deferred Amount		(281,924)	0	16,187	(265,737)	0
2011 School Improvement Refunding Bonds -						
Current Interest	2.26%	0	620,000	(10,000)	610,000	95,000
Capital Appreciation		0	45,000	0	45,000	0
Accretion of Interest		0	6,062	0	6,062	0
Premium		0	44,700	(5,588)	39,112	0
Deferred Amount		0	(16,459)	2,057	(14,402)	0
Total General Obligation Bonds		8,071,127	801,734	(1,154,895)	7,717,966	530,000
Capital Leases:						
Lease Purchase Agreement		1,193,000	0	(28,000)	1,165,000	29,000
Total Capital Leases		1,193,000	0	(28,000)	1,165,000	29,000
Total Long-Term Liabilities		9,264,127	801,734	(1,182,895)	8,882,966	559,000
Compensated Absences		622,303	102,314	(87,990)	636,627	184,370
Total Governmental Activities		\$9,886,430	\$904,048	(\$1,270,885)	\$9,519,593	\$743,370

* Bonds were refunded during the fiscal year. The refunded amount for the 1998 bonds was \$665,000. \$75,000 was the principal payment.

General obligation bonds will be paid from the debt service fund. Capital leases will be paid from the permanent improvement fund. Compensated absences will be paid from the fund from which the person is paid.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$530,000	\$243,310	\$773,310	\$0	\$0	\$0
2014	100,000	229,860	329,860	175,000	285,000	460,000
2015	230,000	224,573	454,573	5,709	334,291	340,000
2016	240,000	214,697	454,697	4,277	335,723	340,000
2017	0	212,800	212,800	195,000	380,000	575,000
2018-2022	2,235,000	873,409	3,108,409	0	0	0
2023-2027	2,515,000	307,189	2,822,189	0	0	0
2028-2029	425,000	26,917	451,917	0	0	0
Total	<u>\$6,275,000</u>	<u>\$2,332,755</u>	<u>\$8,607,755</u>	<u>\$379,986</u>	<u>\$1,335,014</u>	<u>\$1,715,000</u>

Note 10 - Advanced Refunding

On July 26, 2011, the District issued \$620,000 in current interest bonds with an average interest rate of 2.26% and \$45,000 in capital appreciation bonds of which was used to advance refund \$665,000 of outstanding 1998 Library General Obligation Bonds with variable interest rates. The net proceeds of \$681,459 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issue.

The District advance refunded their 1998 Library General Obligation Bonds to reduce its total debt service payments by \$41,680 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$37,360.

Note 11 - Risk Management

Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the District contracted with Indiana Insurance for general liability insurance, property insurance and commercial umbrella insurance.

Indiana Insurance provides general liability coverage. The general liability coverage insures up to \$1,000,000 each occurrence and \$2,000,000 aggregate.

Indiana Insurance provides property, crime, and equipment breakdown insurance coverage. The property coverages insure up to a blanket limit of \$54,500,000 with a \$2,500 deductible, and commercial crime covers up to \$10,000 for theft, disappearance and destruction and \$25,000 for employee dishonesty.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Indiana Insurance provides commercial umbrella insurance coverage in the amount of \$3,000,000 per occurrence and \$3,000,000 annual aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years nor has insurance coverage been significantly reduced from prior year.

Medical/Surgical, Dental and Vision Insurance

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District has established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$50,000 per covered person. The plan is offered to school districts state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by Self-Funded Plans, Inc. of Cleveland.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The District's independent third-party administrator has actuarially determined that \$113,746 is a good and sufficient provision for incurred but not reported claims as of June 30, 2012. This amount is non-discounted and is based upon historical claims experience.

The claims liability of \$113,746 reported in the internal service fund at June 30, 2012, is based on an estimate provided by Self Funded Plans, Inc. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2012	\$126,696	\$1,082,573	(\$1,095,523)	\$113,746
2011	204,339	1,076,131	(1,153,774)	126,696
2010	141,591	1,856,419	(1,793,671)	204,339

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Workers' Compensation

For fiscal year 2012, the District participated in the CareWorks Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CareWorks provides administrative, cost control and actuarial services to the GRP.

Note 12 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$236,808, \$248,808, and \$207,912, respectively; 67% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

State Teachers Retirement System of Ohio

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2012, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2012, 2011, and 2010 were \$790,440, \$704,784, and \$705,090, respectively; 82% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

Note 13- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$96.40 for most participants, but could be as high as \$369.10 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was .76%. District contributions for the year ended June 30, 2012, 2011 and 2010 were \$12,855, \$13,507 and \$11,286, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2012, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2012, 2011, and 2010 were \$24,188, \$25,414, and \$6,831, respectively; 67% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System of Ohio

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2012, 2011 and 2010. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2012, 2011, and 2010 were \$56,460, \$50,342, and \$50,364, respectively; 82% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

Note 14 - Contingencies

Student Attendance Data Review

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

Litigation

The District is not currently party to any legal proceedings which would have a material impact on the financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 15 – Accountability

The following individual fund had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Auxiliary Services	\$757
IDEA, Part B	28,269
Race to the Top	13,355
Title II-D	2,512

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 16 - Statutory Reserves

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2012, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2011	(\$14,914)	\$0
Current Year Set Aside Requirements	0	213,447
Elimination per H.B. 30 of the Ohio 129th General Assembly	14,914	0
Current Year Offsets	0	(213,447)
Total	<u>\$0</u>	<u>\$0</u>

Qualifying expenditures for capital acquisition exceeded the required set-aside amount and may be carried forward to future years.

Note 17 - Interfund Transactions

Interfund transactions at June 30, 2012, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$109,494	\$0	\$0	\$11,296
Other Governmental Funds	0	109,494	11,296	0
Total All Funds	\$109,494	\$109,494	\$11,296	\$11,296

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 18 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the 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	Debt Service	Other Governmental Funds	Total
Restricted for:				
Classroom Facilities Maintenance	0	0	337,580	337,580
Student Activity	0	0	32,170	32,170
Title I, Disadvantaged Children	0	0	15,542	15,542
Special Trust	0	0	11,697	11,697
Education Stabilization	0	0	912	912
Food Service Operations	0	0	151,338	151,338
Debt Service	0	1,627,933	0	1,627,933
Permanent Improvement	0	0	15,864	15,864
Building	0	0	1,445	1,445
Classroom Facilities	0	0	696,401	696,401
Total Restricted	0	1,627,933	1,262,949	2,890,882
Assigned to:				
Public School Support	96,962	0	0	96,962
Budgetary variance	29,665	0	0	29,665
Encumbrances	61,886	0	0	61,886
Total Assigned	188,513	0	0	188,513
Unassigned (Deficit)	2,646,667	0	(44,893)	2,601,774
Total Fund Balance	2,835,180	1,627,933	1,218,056	5,681,169

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 19 - The Tomorrow Center Community School

The Tomorrow Center Community School (the “Center”) is a discretely presented component unit of the Mount Gilead Exempted Village School District (the “District”). The District is the Sponsor of the Center. The Center issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That may be obtained by writing to Treasurer of the Mount Gilead Exempted Village School District, 145 North Cherry Street, Mount Gilead, Ohio 43338.

Significant Accounting Policies

Basis of Presentation - Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises and focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

Measurement Focus and Basis of Accounting - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process - Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Center’s contract with its Sponsor. The contract between the Center and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Chapter 5705.

Cash - All monies received by the Center are deposited in a demand deposit account.

Capital Assets and Depreciation - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Center maintains a capitalization threshold of \$500 for nontechnical and audio/visual equipment and \$200 for technical and audiovisual equipment. The Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment is depreciated over five to fifteen years.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the Center. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Center. All revenues and expenses not meeting this definition are reported as non-operating.

Prepayments - Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Intergovernmental Revenue - The Center currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Federal and State grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. 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 Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis.

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

Income Taxes - The Center is a component unit of Mount Gilead Exempted Village School District and is exempt from Federal income tax as an exempted affiliate of a governmental unit. Accordingly, no income tax expense is recorded in the accompanying financial statements.

Generally accepted accounting principles require the Center to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying financial statement of net assets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenues, expenses and changes in net assets. The Center believes that none of the tax positions taken would materially impact the financial

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

statements and no such liabilities have been recorded. With few exceptions, the Center is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities for the years ended June 30, 2009 and prior.

Deposits

At June 30, 2012, the carrying amount of all Center deposits was \$425,914. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$191,896 of the Center’s bank balance of \$441,896 was exposed to custodial risk, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Center’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

Receivables

Receivables at June 30, 2012, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full.

Capital Assets

A summary of capital assets at June 30, 2012 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Component Unit				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$261,949	\$100,000	\$0	\$361,949
Less Accumulated Depreciation	(195,825)	(34,108)	0	(229,933)
Component Unit Capital Assets, Net	<u>\$66,124</u>	<u>\$65,892</u>	<u>\$0</u>	<u>\$132,016</u>

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Contract Services

For fiscal year ended June 30, 2012, contract services expenses through Mt. Gilead Exempted Village School District were as follows:

Purchased Instructional Services	\$336,864
Purchased Administrative Services	127,817
Utility Expenses	83,441
Other Purchased Services	31,000
	<u>\$579,122</u>

The above transactions are related party transactions since these services are purchased through the Sponsor, Mount Gilead Exempted Village School District.

Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center is covered under the liability and property policies of the Mount Gilead Exempted Village School District.

This space intentionally left blank

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

<u>Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General Liability:		
Each Occurrence	\$1,000,000	\$0
Annual Aggregate	2,000,000	0
Commercial Umbrella:		
Each Occurrence	1,000,000	0
Annual Aggregate	1,000,000	0
Employee Benefits Liability:		
Each Occurrence	1,000,000	3,000
Annual Aggregate	3,000,000	3,000
Ohio Employer's Liability:		
Each Occurrence	1,000,000	0
Annual Aggregate	2,000,000	0
School Leader's Errors and Omissions:		
Each Occurrence	1,000,000	1,000
Annual Aggregate	1,000,000	1,000
School Law Enforcement Liability:		
Each Occurrence	500,000	2,500
Annual Aggregate	500,000	2,500
Property	28,647,325	2,500

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2012.

Contingencies

Student Attendance Data Review

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2012, if applicable, cannot be determined at this time.

Litigation

The Center is not involved in any other litigation that, in the opinion of management, would have a material effect on the financial statements.

State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The Ohio Department of Education completed its review of the Center's enrollment data for fiscal year 2012. This resulted in no adjustment to state funding for fiscal year 2012.

Service Contract

The Mount Gilead Exempted Village School District and the Center have entered into a service contract agreement. This agreement states that the Center will contract for educational services from the Mount Gilead Exempted Village School District Board of Education and reimburse the Board of Education for these services. The Mount Gilead Exempted Village School District agreed to provide the requested services and receive reimbursement for the Center pursuant to Ohio Revised Code Section 3317.11 as follows:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

1. Instructional services for the intensive day treatment program
2. Instructional services for the High School S.E.D. program
3. Instructional services for the Recovery/Alcohol program
4. Instructional services for the Suspension Alternative program
5. Collaboration for staff development programs for certified and non-certified staff
6. Planning and consultative services for curriculum development
7. Psychological services as needed for re-evaluations and initial multi-factored evaluations
8. Fiscal services including payroll, retirement, and insurance
9. Student services including E.M.I.S., Nursing, Speech, Guidance and Therapy
10. Classroom space and administrative services
11. Custodial services
12. Food services
13. Transportation services
14. Supervision/Director services
15. Office Management services
16. Classroom aides for instructional areas
17. Technology support

The Mount Gilead Board of Education acts as the fiscal agent for the service agreement described above. As fiscal agent, the Board of Education shall enter into employment contracts with each certified teacher/administrator/aide whose services are to be shared with Mount Gilead Exempted Village School District. Other services may be provided based on mutual consent of both the Center and the Mount Gilead Exempted Village School District.

Related Party Transactions

The Center is a component unit of the Sponsor (Mt. Gilead Exempted Village School District). The Center and the Sponsor entered into a 5-year sponsorship agreement on July 17, 2007, whereby terms of the sponsorship were established. Pursuant to this agreement, the Sponsor's Treasurer serves as the Center's fiscal officer.

In fiscal year 2012, payments were made by the Center to the Sponsor totaling \$579,122. These represent payments for reimbursements for services provided by the Sponsor to the Center.

Subsequent Events

The Center has evaluated subsequent events through December 14, 2012, the date on which the financial statements were available to be issued. There were no events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Mount Gilead Exempted Village School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,974,204	\$4,270,314	\$4,064,462	(\$205,852)
Tuition and Fees	630,749	677,745	645,074	(32,671)
Investment Earnings	38,606	41,483	39,483	(2,000)
Intergovernmental	6,205,233	6,667,573	6,346,160	(321,413)
Charges for Services	48,647	52,272	49,752	(2,520)
Other Revenues	88,060	94,621	90,060	(4,561)
Total Revenues	10,985,499	11,804,008	11,234,991	(569,017)
Expenditures:				
Current:				
Instruction:				
Regular	4,066,280	4,086,036	3,978,603	107,433
Special	1,003,923	1,008,800	982,276	26,524
Vocational	254,717	255,955	249,225	6,730
Other	1,132,311	1,137,812	1,107,896	29,916
Support Services:				
Pupil	981,910	986,681	960,738	25,943
Instructional Staff	495,868	498,277	485,176	13,101
General Administration	45,283	45,503	44,307	1,196
School Administration	778,223	782,004	761,443	20,561
Fiscal	472,827	475,124	462,632	12,492
Operations and Maintenance	1,371,257	1,377,919	1,341,690	36,229
Pupil Transportation	558,354	561,067	546,315	14,752
Central	18,454	18,544	18,056	488
Extracurricular Activities	213,745	214,783	209,136	5,647
Capital Outlay	30,222	30,368	29,570	798
Debt Service:				
Interest and Fiscal Charges	29,255	29,397	28,624	773
Total Expenditures	11,452,629	11,508,270	11,205,687	302,583
Excess of Revenues Over (Under) Expenditures	(467,130)	295,738	29,304	(266,434)
Other Financing Sources (Uses):				
Transfers (Out)	(11,545)	(11,601)	(11,296)	305
Total Other Financing Sources (Uses)	(11,545)	(11,601)	(11,296)	305
Net Change in Fund Balance	(478,675)	284,137	18,008	(266,129)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,987,568	2,987,568	2,987,568	0
Fund Balance End of Year	\$2,508,893	\$3,271,705	\$3,005,576	(\$266,129)

See accompanying notes to the required supplementary information.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2012

Note 1 – Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any budgetary modification at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Although the legal level of budgetary control was established at the fund level for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

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

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2012

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

	<u>General</u>
GAAP Basis	(\$80,947)
Revenue Accruals	(622,238)
Expenditure Accruals	816,618
Encumbrances	(91,898)
Funds Budgeted Elsewhere	<u>(3,527)</u>
Budget Basis	<u><u>\$18,008</u></u>

This page intentionally left blank.

MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT



Single Audit Reports

June 30, 2012

PLATTENBURG
Certified Public Accountants

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
National School Lunch Program	3L60	10.555	\$266,898	\$266,898
School Breakfast Program	3L70	10.553	70,383	70,383
Total Nutrition Cluster			<u>337,281</u>	<u>337,281</u>
Total U.S. Department of Agriculture			<u>337,281</u>	<u>337,281</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	3M20	84.027	302,077	270,997
Special Education-Grants to States - ARRA	3DJ0	84.391	0	3,285
Total Special Education Cluster			<u>302,077</u>	<u>274,282</u>
Title I Cluster:				
Title I Grants to Local Educational Agencies	3M00	84.010	277,791	294,705
Title I Grants to Local Educational Agencies - ARRA	3DK0	84.389	700	0
Total Title I Cluster			<u>278,491</u>	<u>294,705</u>
Education Jobs	3ET0	84.410	302,573	302,573
Race to the Top - ARRA	3FD0	84.395	11,536	55,412
Education Technology State Grants	3S20	84.318	0	2,533
Improving Teacher Quality	3Y60	84.367	65,474	65,474
State Fiscal Stabilization Fund (SFSF) Ed St Grant - ARRA	GRF	84.394	0	85,342
Total Department of Education			<u>960,151</u>	<u>1,080,321</u>
Institute of Museum and Library Services				
Passed Through The State Library of Ohio				
Library Services and Technology Act Grant	N/A	45.310	18,562	4,977
Total Institute of Museum and Library Services			<u>18,562</u>	<u>4,977</u>
Total Federal Assistance			<u>\$1,315,994</u>	<u>\$1,422,579</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

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

To the Board of Education
Mount Gilead Exempted Village School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Mount Gilead Exempted Village School District (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 December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 14, 2012.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 14, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education
Mount Gilead Exempted Village School District

Compliance

We have audited the Mount Gilead Exempted Village School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the District 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 have a direct and material effect on a major federal program to determine the 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 14, 2012

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list):</i>	Nutrition Cluster: National School Lunch Program CFDA# 10.555 School Breakfast Program CFDA# 10.553 Education Jobs CFDA# 84.410 State Fiscal Stabilization Fund: (SFSF) Ed St Grant - ARRA CFDA# 84.394
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
JUNE 30, 2012

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133

None noted



Dave Yost • Auditor of State

MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

MORROW COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2013**