



Dave Yost • Auditor of State



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budget Basis) – General Fund .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budget Basis) –Food Service Fund .....	22
Statement of Fund Net Position – Proprietary Funds .....	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	24
Statement of Cash Flows – Proprietary Funds .....	25
Statement of Net Position – Fiduciary Funds.....	26
Statement of Changes in Net Position – Fiduciary Funds .....	27
Notes to the Basic Financial Statements .....	29
Federal Awards Receipts and Expenditures Schedule.....	61
Notes to the Federal Awards Receipts and Expenditures Schedule .....	62
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	63
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	65
Schedule of Findings – OMB Circular A-133 § .505 .....	69
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	72
Independent Auditor's Report on Applying Agreed-Upon Procedure .....	74

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 South River Street  
Newcomerstown, Ohio 43832

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and Food Service Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis and is not a required part of the basic financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 11, 2014

**This page intentionally left blank.**



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The management's discussion and analysis of the Newcomerstown Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities decreased \$792,128 which represents a 6.02% decrease from 2012 as restated in Note 3.A.
- General revenues accounted for \$8,373,864 in revenue or 71.50% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,338,530 or 28.50% of total revenues of \$11,712,394.
- The District had \$12,504,522 in expenses related to governmental activities; \$3,338,530 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,373,864 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the food service fund. The general fund had \$9,664,873 in revenues and other financing sources and \$10,094,238 in expenditures. During fiscal year 2013, the general fund's fund balance decreased \$429,365 from a balance of \$522,972 to a balance of \$93,607.
- Another of the District's major governmental funds is the food service fund. The food service fund had \$550,462 in revenues and \$581,031 in expenditures. During fiscal year 2013, the food service fund's fund balance decreased \$30,569 from a deficit of \$524,592 to a deficit of \$555,161.

**Using the Basic 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 position* 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. In the case of the District, the general fund and the food service fund are the most significant funds, and the only funds reported as major funds.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

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 question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. 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. The District's major governmental funds are the general fund and the food service fund.

***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 financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

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

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-59 of this report.

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2013	Restated Governmental Activities 2012
<b><u>Assets</u></b>		
Current and other assets	\$ 4,969,803	\$ 5,453,368
Capital assets, net	<u>13,814,929</u>	<u>14,284,547</u>
Total assets	<u>18,784,732</u>	<u>19,737,915</u>
<b><u>Deferred outflows of resources</u></b>		
Deferred outflows of resources	<u>41,929</u>	<u>46,382</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,457,178	1,383,212
Long-term liabilities	<u>2,568,458</u>	<u>2,829,807</u>
Total liabilities	<u>4,025,636</u>	<u>4,213,019</u>
<b><u>Deferred inflows of resources</u></b>		
Deferred inflows of resources	<u>2,430,853</u>	<u>2,408,978</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	11,659,452	11,941,693
Restricted	789,590	814,232
Unrestricted (deficit)	<u>(78,870)</u>	<u>406,375</u>
Total net position	<u>\$ 12,370,172</u>	<u>\$ 13,162,300</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

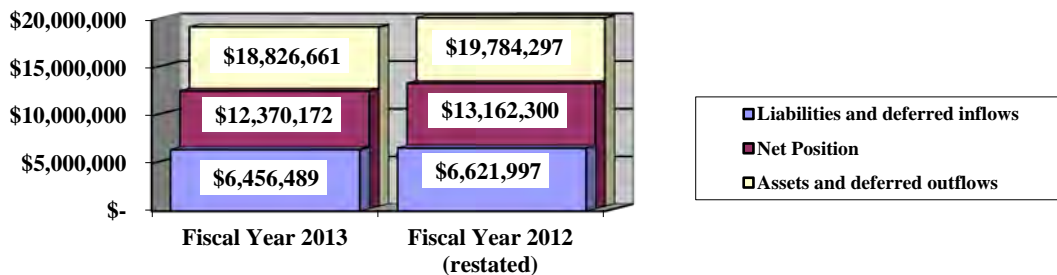
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$12,370,172. Of this total, \$789,590 is restricted in use.

At year-end, capital assets represented 73.54% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2013, was \$11,659,452. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net 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.

A portion of the District's net position, \$789,590, represents resources that are subject to external restriction on how they may be used. The remaining deficit of unrestricted net position is \$78,870.

The graph below illustrates the governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

**Governmental Activities**



The table below shows the change in net position for fiscal years 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

**Change in Net Position**

	Governmental Activities 2013	Restated Governmental Activities 2012
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,109,373	\$ 1,061,452
Operating grants and contributions	2,229,157	1,997,070
General revenues:		
Property taxes	2,895,891	2,946,037
Grants and entitlements	5,327,727	5,609,779
Investment earnings	17	28
Other	150,229	238,105
Total revenues	<u>11,712,394</u>	<u>11,852,471</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<b>Change in Net Position</b>	
	Governmental	Restated
	Activities	Governmental
	<u>2013</u>	<u>2012</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,560,775	\$ 4,838,186
Special	1,521,479	1,141,376
Vocational	65,491	94,049
Adult/continuing	7,424	5,673
Other	682,373	624,876
Support services:		
Pupil	380,887	371,803
Instructional staff	760,253	694,268
Board of education	26,316	26,263
Administration	1,043,334	982,181
Fiscal	284,595	325,136
Operations and maintenance	1,491,492	1,366,898
Pupil transportation	563,600	530,807
Central	-	291
Operations of non-instructional:		
Food service operations	622,243	627,672
Other non-instructional services	22,032	49,870
Extracurricular activities	389,384	404,854
Interest and fiscal charges	<u>82,844</u>	<u>172,037</u>
Total expenses	<u>12,504,522</u>	<u>12,256,240</u>
Change in net position	(792,128)	(403,769)
Net position at beginning of year (restated)	<u>13,162,300</u>	<u>13,566,069</u>
Net position at end of year	<u>\$ 12,370,172</u>	<u>\$ 13,162,300</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$792,128. Total governmental expenses of \$12,504,522 were offset by program revenues of \$3,338,530 and general revenues of \$8,373,864. Program revenues supported 26.70% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements not restricted to specific programs. These revenue sources represent 70.21% of total governmental revenue.

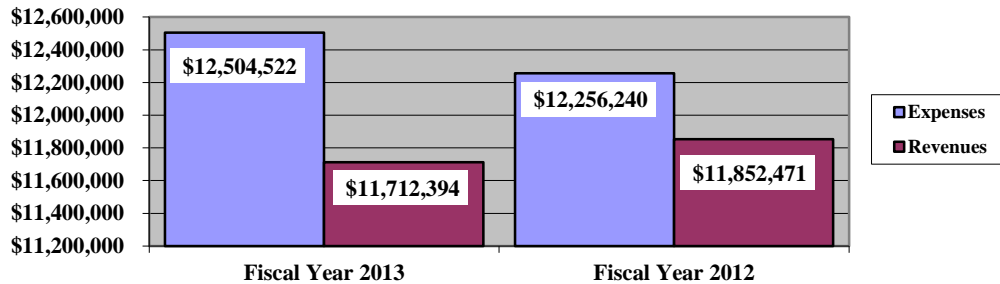
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,837,542 or 54.68% of total governmental expenses for fiscal year 2013.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012:

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,560,775	\$ 3,770,646	\$ 4,838,186	\$ 3,947,645
Special	1,521,479	(7,424)	1,141,376	(109,500)
Vocational	65,491	40,207	94,049	68,765
Adult education	7,424	7,424	5,673	5,673
Other	682,373	682,373	624,876	618,027
Support services:				
Pupil	380,887	380,887	371,803	370,643
Instructional staff	760,253	538,709	694,268	512,607
Board of education	26,316	26,316	26,263	26,263
Administration	1,043,334	1,031,414	982,181	969,993
Fiscal	284,595	283,847	325,136	325,136
Operations and maintenance	1,491,492	1,491,167	1,366,898	1,365,621
Pupil transportation	563,600	563,600	530,807	530,807
Central	-	-	291	291
Operation of non-instructional:				
Food service operations	622,243	71,781	627,672	144,134
Other non-instructional services	22,032	(26,618)	49,870	22,761
Extracurricular activities	389,384	228,819	404,854	226,815
Interest and fiscal charges	82,844	82,844	172,037	172,037
<b>Total expenses</b>	<u>\$ 12,504,522</u>	<u>\$ 9,165,992</u>	<u>\$ 12,256,240</u>	<u>\$ 9,197,718</u>

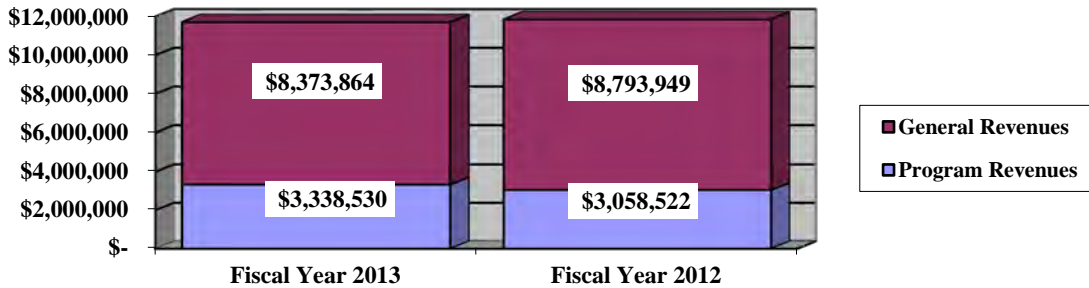
**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 65.71% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.30%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$309,283 which is less than last year's balance of \$733,539. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance (deficit) <u>June 30, 2013</u>	Fund Balance (deficit) <u>June 30, 2012</u>	Increase (decrease)
General	\$ 93,607	\$ 522,972	\$ (429,365)
Food service	(555,161)	(524,592)	(30,569)
Other Governmental	<u>770,837</u>	<u>735,159</u>	<u>35,678</u>
Total	<u>\$ 309,283</u>	<u>\$ 733,539</u>	<u>\$ (424,256)</u>

**General Fund**

The District's general fund's fund balance decreased by \$429,365.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The table that follows assists in illustrating the financial activities and fund balance of the general fund for fiscal years 2013 and 2012.

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 2,667,027	\$ 2,734,579	\$ (67,552)	(2.47) %
Tuition	805,187	793,904	11,283	1.42 %
Intergovernmental	5,980,980	6,260,541	(279,561)	(4.47) %
Other revenues	<u>109,572</u>	<u>204,910</u>	<u>(95,338)</u>	(46.53) %
Total	<u>\$ 9,562,766</u>	<u>\$ 9,993,934</u>	<u>\$ (431,168)</u>	(4.31) %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,644,895	\$ 5,658,653	\$ (13,758)	(0.24) %
Support services	3,985,607	3,615,393	370,214	10.24 %
Operation of non-instructional services	293	340	(47)	(13.82) %
Extracurricular activities	233,358	197,295	36,063	18.28 %
Facilities acquisition and construction	109,033	84,374	24,659	29.23 %
Capital outlay	102,107	-	102,107	100.00 %
Debt service	<u>18,945</u>	<u>6,412</u>	<u>12,533</u>	195.46 %
Total	<u>\$ 10,094,238</u>	<u>\$ 9,562,467</u>	<u>\$ 531,771</u>	5.56 %

Intergovernmental revenues decreased due a decrease in state payments on tangible personal property during fiscal year 2013. Other revenues, which are made up of rentals, contributions and donations, services provided to other entities, classroom materials and fees, extracurricular activities and miscellaneous revenues decreased \$95,338 or 46.53% primarily due to the general decrease in other revenues including a decrease in receipts from Chesapeake energy. Facilities acquisition and construction expenditures increased \$24,659 or 29.23% as a result of the District making more repairs and replacements in the current fiscal year. Changes in capital outlay and debt service expenditures are due to the issuance of new capital leases by the District. All other revenues and expenditures remained comparable to the prior year.

***Food Service Fund***

Another of the District's major governmental funds is the food service fund. The food service fund had \$550,462 in revenues and \$581,031 in expenditures. During fiscal year 2013, the food service fund's fund balance decreased \$30,569 from a deficit of \$524,592 to a deficit of \$555,161.

***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.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$9,499,700 and final budgeted revenues and other financing sources were \$9,221,510. Actual revenues and other financing sources for fiscal year 2013 were \$9,500,761. This represents a \$279,251 increase over final budgeted revenues.

General fund original appropriations and other financing uses were \$10,593,152 and final appropriations and other financing uses were \$10,070,748. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$10,071,852, which was \$1,104 more than the final budget appropriations.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2013, the District had \$13,814,929 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2013 balances compared to June 30, 2012.

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 121,788	\$ 121,788
Land improvements	661,435	758,915
Building and improvements	12,440,223	12,874,647
Furniture and equipment	448,347	357,688
Vehicles	<u>143,136</u>	<u>171,509</u>
<b>Total</b>	<b><u>\$ 13,814,929</u></b>	<b><u>\$ 14,284,547</u></b>

The overall decrease in capital assets of \$469,618 is due to depreciation expense of \$654,583 and net disposals of \$13,401 exceeding capital outlays of \$198,366 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2013, the District had \$1,763,293 in general obligation bonds, \$244,969 in lease purchase agreements outstanding and \$89,919 in capital leases outstanding. Of this total, \$285,931 is due within one year and \$1,812,250 is due in greater than one year. The following table summarizes the debt outstanding at June 30, 2013 and June 30, 2012.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The following table summarizes the bonds and lease purchase agreements outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds	\$ 1,763,293	\$ 1,936,607
Capital leases	89,919	12,508
Lease-purchase agreements	<u>244,969</u>	<u>322,261</u>
Total	<u>\$ 2,098,181</u>	<u>\$ 2,271,376</u>

At June 30, 2013, the District's overall legal debt margin was \$7,120,471, and an unvoted debt margin of \$95,506.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The District has committed itself to educational and financial excellence. With leadership from the Board of Education and prudent fiscal planning, resources are allocated to meet the educational goals and challenges of our students. The District has been very frugal and has carefully managed its general fund budget in order to get the maximum value for the tax dollars available for educating the students of the Newcomerstown Exempted Village School District.

The District passed an 8 mill, five year emergency levy in the February 2006 special election (by a vote of 58% to 42%). This was the fourth try for additional operating revenue in the last few years and this is the first new, additional operating funds the District has received in the last 13 years. This Levy was renewed at the May 2009 election by a vote of 64% to 36%. This levy generates \$750,000 annually.

The District also renewed a current 9.2 mill operating levy in May 2011. This operating levy generates \$527,100 annually. Voters rejected a 9.2 mill replacement tax levy that was placed on the November 2010 ballot. The replacement levy would have generated \$955,958 annually.

The District recently settled a two year contract on wages and benefits with both the certified and classified associations. The contract expires on June 30, 2015. Therefore, the District will begin negotiations with both associations in the spring of 2015.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and credits 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 please contact Christie Green, Treasurer, Newcomerstown Exempted Village School District, 702 S. River Street, Newcomerstown, Ohio 43832.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 1,663,238
Receivables:	
Property taxes . . . . .	3,176,926
Intergovernmental . . . . .	125,987
Materials and supplies inventory. . . . .	3,652
Capital assets:	
Nondepreciable capital assets . . . . .	121,788
Depreciable capital assets, net. . . . .	13,693,141
Capital assets, net . . . . .	<u>13,814,929</u>
Total assets. . . . .	<u>18,784,732</u>
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	41,929
Total deferred outflows of resources . . . . .	<u>41,929</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	47,609
Accrued wages and benefits payable . . . . .	956,851
Pension obligation payable. . . . .	202,243
Intergovernmental payable . . . . .	24,168
Accrued interest payable . . . . .	4,637
Claims payable. . . . .	221,670
Long-term liabilities:	
Due within one year. . . . .	371,442
Due in more than one year. . . . .	2,197,016
Total liabilities . . . . .	<u>4,025,636</u>
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . .	2,430,853
Total deferred inflows of resources . . . . .	<u>2,430,853</u>
 <b>Net position:</b>	
Net investment in capital assets . . . . .	11,659,452
Restricted for:	
Capital projects . . . . .	64,827
Permanent fund - expendable . . . . .	817
Classroom facilities maintenance . . . . .	208,730
Debt service. . . . .	278,288
State funded programs. . . . .	30,717
Federally funded programs . . . . .	170,228
Student activities . . . . .	35,983
Unrestricted (deficit) . . . . .	(78,870)
Total net position. . . . .	<u>\$ 12,370,172</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,560,775	\$ 638,570	\$ 151,559	\$ (3,770,646)
Special . . . . .	1,521,479	181,878	1,347,025	7,424
Vocational . . . . .	65,491	-	25,284	(40,207)
Adult/continuing. . . . .	7,424	-	-	(7,424)
Other . . . . .	682,373	-	-	(682,373)
Support services:				
Pupil. . . . .	380,887	-	-	(380,887)
Instructional staff . . . . .	760,253	-	221,544	(538,709)
Board of education . . . . .	26,316	-	-	(26,316)
Administration. . . . .	1,043,334	-	11,920	(1,031,414)
Fiscal. . . . .	284,595	-	748	(283,847)
Operations and maintenance . . . . .	1,491,492	325	-	(1,491,167)
Pupil transportation. . . . .	563,600	-	-	(563,600)
Operation of non-instructional services:				
Other non-instructional services . . . . .	22,032	-	48,650	26,618
Food service operations . . . . .	622,243	128,035	422,427	(71,781)
Extracurricular activities. . . . .	389,384	160,565	-	(228,819)
Interest and fiscal charges . . . . .	82,844	-	-	(82,844)
Total governmental activities . . . . .	<u>\$ 12,504,522</u>	<u>\$ 1,109,373</u>	<u>\$ 2,229,157</u>	<u>(9,165,992)</u>

**General revenues:**

Property taxes levied	
General purposes . . . . .	2,681,202
Special revenue . . . . .	35,058
Debt service. . . . .	179,631
Grants and entitlements not restricted to specific programs . . . . .	5,327,727
Investment earnings . . . . .	17
Miscellaneous . . . . .	150,229
Total general revenues . . . . .	<u>8,373,864</u>
Change in net position . . . . .	(792,128)
<b>Net position at beginning of year (restated)</b>	<u>13,162,300</u>
<b>Net position at end of year. . . . .</b>	<u>\$ 12,370,172</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General</u>	<u>Food Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 265,260	\$ -	\$ 799,834	\$ 1,065,094
Receivables:				
Property taxes. . . . .	2,938,202	-	238,724	3,176,926
Interfund loans . . . . .	15,634	-	-	15,634
Intergovernmental. . . . .	22,349	-	103,638	125,987
Materials and supplies inventory. . . . .	-	3,652	-	3,652
Due from other funds . . . . .	513,045	-	-	513,045
Total assets . . . . .	<u>\$ 3,754,490</u>	<u>\$ 3,652</u>	<u>\$ 1,142,196</u>	<u>\$ 4,900,338</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 35,827	\$ -	\$ 11,782	\$ 47,609
Accrued wages and benefits payable . . . . .	807,994	36,145	112,712	956,851
Compensated absences payable . . . . .	46,063	-	-	46,063
Interfund loans payable. . . . .	-	-	15,634	15,634
Intergovernmental payable . . . . .	20,966	631	2,571	24,168
Pension obligation payable . . . . .	178,979	8,992	14,272	202,243
Due to other funds . . . . .	-	513,045	-	513,045
Total liabilities. . . . .	<u>1,089,829</u>	<u>558,813</u>	<u>156,971</u>	<u>1,805,613</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	2,248,262	-	182,591	2,430,853
Delinquent property tax revenue not available. . . . .	315,178	-	25,524	340,702
Other nonexchange transactions not available. . . . .	-	-	6,273	6,273
Miscellaneous revenue not available. . . . .	7,614	-	-	7,614
Total deferred inflows of resources . . . . .	<u>2,571,054</u>	<u>-</u>	<u>214,388</u>	<u>2,785,442</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	3,652	-	3,652
Restricted:				
Debt service . . . . .	-	-	274,926	274,926
Capital improvements . . . . .	-	-	64,827	64,827
Classroom facilities maintenance . . . . .	-	-	204,500	204,500
Targeted academic assistance . . . . .	-	-	35,719	35,719
Other purposes. . . . .	-	-	165,226	165,226
Extracurricular . . . . .	-	-	35,983	35,983
Permanent fund . . . . .	-	-	817	817
Assigned:				
Student instruction . . . . .	10,001	-	-	10,001
Student and staff support. . . . .	71,336	-	-	71,336
Extracurricular activities . . . . .	1,010	-	-	1,010
School supplies . . . . .	11,260	-	-	11,260
Unassigned (deficit). . . . .	-	(558,813)	(11,161)	(569,974)
Total fund balances (deficit). . . . .	<u>93,607</u>	<u>(555,161)</u>	<u>770,837</u>	<u>309,283</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,754,490</u>	<u>\$ 3,652</u>	<u>\$ 1,142,196</u>	<u>\$ 4,900,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	309,283
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			13,814,929
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	340,702	
Intergovernmental receivable		13,887	
Total		354,589	354,589
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			376,474
Unamortized premiums on bonds issued are not recognized in the funds.			(112,520)
Unamortized amounts on refundings are not recognized in the funds.			41,929
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(4,637)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(311,694)	
Lease-purchase agreement		(244,969)	
Capital lease obligations		(89,919)	
General obligation current interest bonds		(1,740,000)	
General obligation capital appreciation bonds		(9,998)	
Accreted interest on capital appreciation bonds		(13,295)	
Total		(2,409,875)	(2,409,875)
<b>Net position of governmental activities</b>		\$	12,370,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Food Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,667,027	\$ -	\$ 211,958	\$ 2,878,985
Tuition . . . . .	805,187	-	-	805,187
Earnings on investments . . . . .	-	-	17	17
Charges for services . . . . .	-	128,035	-	128,035
Extracurricular . . . . .	45,071	-	115,494	160,565
Classroom materials and fees . . . . .	15,261	-	-	15,261
Rental income . . . . .	325	-	-	325
Contributions and donations . . . . .	3,578	-	101,314	104,892
Other local revenues . . . . .	45,337	-	-	45,337
Intergovernmental - state . . . . .	5,980,980	7,979	150,723	6,139,682
Intergovernmental - federal . . . . .	-	414,448	1,025,035	1,439,483
Total revenues . . . . .	<u>9,562,766</u>	<u>550,462</u>	<u>1,604,541</u>	<u>11,717,769</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,093,989	-	155,006	4,248,995
Special . . . . .	782,335	-	676,243	1,458,578
Vocational . . . . .	78,774	-	-	78,774
Adult/continuing . . . . .	7,424	-	-	7,424
Other . . . . .	682,373	-	-	682,373
Support services:				
Pupil . . . . .	394,093	-	-	394,093
Instructional staff . . . . .	500,156	-	203,062	703,218
Board of education . . . . .	26,316	-	-	26,316
Administration . . . . .	1,003,262	-	10,316	1,013,578
Fiscal . . . . .	291,652	-	606	292,258
Operations and maintenance . . . . .	1,258,499	999	7,165	1,266,663
Pupil transportation . . . . .	511,629	-	-	511,629
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	293	-	39,449	39,742
Food service operations . . . . .	-	580,032	-	580,032
Extracurricular activities . . . . .	233,358	-	98,406	331,764
Facilities acquisition and construction . . . . .	109,033	-	41,238	150,271
Capital outlay . . . . .	102,107	-	-	102,107
Debt service:				
Principal retirement . . . . .	15,071	-	257,292	272,363
Interest and fiscal charges . . . . .	3,874	-	80,080	83,954
Total expenditures . . . . .	<u>10,094,238</u>	<u>581,031</u>	<u>1,568,863</u>	<u>12,244,132</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(531,472)</u>	<u>(30,569)</u>	<u>35,678</u>	<u>(526,363)</u>
<b>Other financing sources:</b>				
Capital lease transaction . . . . .	<u>102,107</u>	<u>-</u>	<u>-</u>	<u>102,107</u>
Total other financing sources . . . . .	<u>102,107</u>	<u>-</u>	<u>-</u>	<u>102,107</u>
Net change in fund balances . . . . .	(429,365)	(30,569)	35,678	(424,256)
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<u>522,972</u>	<u>(524,592)</u>	<u>735,159</u>	<u>733,539</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 93,607</u>	<u>\$ (555,161)</u>	<u>\$ 770,837</u>	<u>\$ 309,283</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>Net change in fund balances - total governmental funds</b>	\$	(424,256)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 198,366	
Current year depreciation	(654,583)	
Total		(456,217)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(13,401)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	16,906	
Intergovernmental	(25,907)	
Total		(9,001)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		272,363
Capital lease obligation payable balance forgiven as part of the lease trade-in agreement. This reduces the long-term obligations on the statement of net position		
		9,625
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(102,107)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	300	
Accreted interest on capital appreciation bonds	(6,686)	
Amortization of bond premiums	11,949	
Amortization of deferred charges	(4,453)	
Total		1,110
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		94,548
An internal service fund used by management to charge the costs of insurance 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.		
		(164,792)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(792,128)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,640,000	\$ 2,664,011	\$ 2,664,011	\$ -
Tuition. . . . .	772,500	780,957	805,187	24,230
Rental income . . . . .	500	325	325	-
Contributions and donations . . . . .	3,850	3,578	3,578	-
Other local revenues . . . . .	25,350	45,337	45,337	-
Intergovernmental - state . . . . .	6,012,500	5,725,959	5,980,980	255,021
Total revenues . . . . .	<u>9,454,700</u>	<u>9,220,167</u>	<u>9,499,418</u>	<u>279,251</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,476,121	4,123,169	4,124,773	(1,604)
Special. . . . .	752,681	775,095	775,095	-
Vocational. . . . .	97,093	79,305	79,305	-
Adult/continuing . . . . .	9,174	7,421	7,421	-
Other. . . . .	728,392	694,965	694,965	-
Support services:				
Pupil. . . . .	349,876	399,962	399,962	-
Instructional staff . . . . .	544,881	490,874	490,874	-
Board of education . . . . .	39,475	29,610	29,610	-
Administration. . . . .	1,017,947	996,196	996,196	-
Fiscal . . . . .	309,842	290,478	290,478	-
Operations and maintenance. . . . .	1,486,716	1,367,220	1,366,720	500
Pupil transportation . . . . .	590,888	520,216	520,216	-
Central. . . . .	5,500	-	-	-
Other operation of non-instructional services . . . . .	15	293	293	-
Extracurricular activities. . . . .	167,248	171,941	171,941	-
Facilities acquisition and construction . . . . .	17,303	108,369	108,369	-
Total expenditures . . . . .	<u>10,593,152</u>	<u>10,055,114</u>	<u>10,056,218</u>	<u>(1,104)</u>
Excess of expenditures over revenues. . . . .	<u>(1,138,452)</u>	<u>(834,947)</u>	<u>(556,800)</u>	<u>278,147</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	1,343	1,343	-
Transfers in . . . . .	45,000	-	-	-
Advances (out) . . . . .	-	(15,634)	(15,634)	-
Total other financing sources (uses) . . . . .	<u>45,000</u>	<u>(14,291)</u>	<u>(14,291)</u>	<u>-</u>
Net change in fund balance . . . . .	(1,093,452)	(849,238)	(571,091)	278,147
<b>Fund balance at beginning of year . . . . .</b>	810,960	810,960	810,960	-
<b>Prior year encumbrances appropriated . . . . .</b>	420,604	420,604	420,604	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 138,112</u>	<u>\$ 382,326</u>	<u>\$ 660,473</u>	<u>\$ 278,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ 123,553	\$ 128,187	\$ 128,175	\$ (12)
Intergovernmental - state . . . . .	7,691	7,979	7,979	-
Intergovernmental - federal . . . . .	368,756	382,551	382,551	-
Total revenue . . . . .	<u>500,000</u>	<u>518,717</u>	<u>518,705</u>	<u>(12)</u>
<b>Expenditures:</b>				
Current:				
Support Services:				
Operations and maintenance. . . . .	-	999	999	-
Operation of non-instructional services:				
Food service operations . . . . .	4,550	549,801	549,801	-
Total expenditures . . . . .	<u>4,550</u>	<u>550,800</u>	<u>550,800</u>	<u>-</u>
Excess of revenues over (under) expenditures. . . . .	<u>495,450</u>	<u>(32,083)</u>	<u>(32,095)</u>	<u>(12)</u>
Net change in fund balance . . . . .	495,450	(32,083)	(32,095)	(12)
<b>Fund balance (deficit) at beginning of year</b>	(499,416)	(499,416)	(499,416)	-
<b>Prior year encumbrances appropriated . .</b>	<u>18,466</u>	<u>18,466</u>	<u>18,466</u>	<u>-</u>
<b>Fund balance (deficit) at end of year. . . .</b>	<u>\$ 14,500</u>	<u>\$ (513,033)</u>	<u>\$ (513,045)</u>	<u>\$ (12)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 598,144
Total assets. . . . .	<u>598,144</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>221,670</u>
Total liabilities . . . . .	<u>221,670</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>376,474</u>
Total net position. . . . .	<u><u>\$ 376,474</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Sales/charges for services. . . . .	\$ 1,701,239
Total operating revenues . . . . .	<u>1,701,239</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>1,866,031</u>
Total operating expenses. . . . .	<u>1,866,031</u>
Operating loss/change in net position. . . . .	(164,792)
<b>Net position at beginning of year. . . . .</b>	<u>541,266</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 376,474</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services. . . . .	\$ 1,701,239
Cash payments for claims . . . . .	(1,749,405)
Net cash used in operating activities . . . . .	(48,166)
Net decrease in cash and cash cash equivalents . . . . .	(48,166)
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>646,310</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 598,144</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (164,792)
Changes in assets and liabilities:	
Increase in claims payable . . . . .	116,626
Net cash used in operating activities. . . . .	\$ (48,166)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 57,107
Investments in segregated accounts. . . . .	1,025	-
	1,025	-
Total assets. . . . .	1,025	\$ 57,107
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 116
Intergovernmental payable . . . . .	-	1
Due to students. . . . .	-	56,990
	-	56,990
Total liabilities . . . . .	-	\$ 57,107
<b>Net position:</b>		
Held in trust for scholarships . . . . .	1,025	
	1,025	
Total net position. . . . .	\$ 1,025	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 500
Change in net position . . . . .	(500)
<b>Net position at beginning of year. . . . .</b>	<b>1,525</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 1,025</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**This page intentionally left blank.**



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 55 non-certified employees, 83 certified full-time teaching personnel and 10 administrative employees who provide services to 1,145 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building and 1 garage.

**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's significant accounting policies are described below.

**A. 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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". 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.

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 no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

*JOINTLY GOVERNED ORGANIZATIONS*

Buckeye Career Center

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center's Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center's Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The District's students may attend the Career Center. Each participating District's control is limited to its representation on the Career Center's Board of Education. During fiscal year 2013, no monies were paid to the Career Center by the District.

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

OME-RESA is one of 21 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 47 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2013, the District paid \$68,602 to OME-RESA for various services.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts and acts in the capacity of fiscal agent for OME-RESA.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by Boards of Education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations. During fiscal year 2013, no monies were paid to the TCTIRC by the District.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Food service fund* - The food service fund is used to account for and report financial transactions related to food service operations.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***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, vision and dental benefits to employees.

***FIDUCIARY FUNDS***

Fiduciary fund reporting focuses on net position and changes in net position. 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. 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.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

*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, current deferred outflows of resources, current liabilities and current deferred inflows of resources, 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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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.

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair market value of donated commodities used 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund, function, object, special cost center level for the general fund and at the fund level of expenditures for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*TAX BUDGET*

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by May 1. Information required includes the general fund five year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

*ESTIMATED RESOURCES*

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificates of estimated resources issued during fiscal year 2013.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*APPROPRIATIONS*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund, function, object, special cost center level for the general fund and at the fund level of expenditures for all other funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriations resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board of Education during fiscal year 2013.

The budget figures, which appear in the statements of budgetary comparisons, represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Although the legal level of budgetary control was established at the fund, function, object, special cost center level for the general fund and at the fund level of expenditures for all other funds, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

*LAPSING OF APPROPRIATIONS*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**F. Cash and Cash Equivalents**

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 cash equivalents" on the financial statements.

During fiscal year 2013, investments were limited to a nonnegotiable certificate of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The certificate of deposit maintained in the Claude Hinds Memorial Fund is reflected on the statement of fiduciary net position as "investments in segregated accounts".



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. During fiscal year 2013 there was no interest revenue credited to the general fund.

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 year end is provided in Note 4.

**G. Inventory**

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. 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 position, 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 15 years
Vehicles	10 years

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave 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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. 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, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, 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, 2013 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, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. 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.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that 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 and lease agreements are recognized as a liability on the fund financial statements when due.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**N. 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.

**O. 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 and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. All interfund transactions between governmental funds have been eliminated on government-wide financial statements. During fiscal year 2013, the District only made same fund transfers which have been eliminated on the government-wide and fund financial statements.

**P. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss**

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expended/expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (4) net assets of the District as previously reported to remove unamortized bond issuance costs previously reported. The implementation of GASB Statement No. 65 had the following effect on net assets as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 13,240,385
Removal of unamortized bond issuance costs	(78,085)
Net position at July 1, 2012	\$ 13,162,300

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Food service fund	\$ 555,161
 <u>Nonmajor funds</u>	
Public school preschool	1,462
IDEA Part-B	5,748
Title I	3,951

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS**

State statutes classify monies held by the District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 - DEPOSITS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 monies 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.

**A. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits was \$1,721,370. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$251,526 of the District's bank balance of \$1,756,674 was covered by the FDIC, while \$1,505,148 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District'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 District. The District 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 District to a successful claim by the FDIC.

The District does not have a deposit policy specifically addressing its depository accounts with financial institutions.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS - (Continued)**

**B. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2013:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 1,721,370</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 1,663,238
Private-purpose trust fund	1,025
Agency fund	<u>57,107</u>
Total	<u>\$ 1,721,370</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances for the year ended June 30, 2013, consisted of the following due to/from other funds, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 513,045</u>

The primary purpose of the interfund balances is to cover negative cash balances in the governmental funds. These negative cash balances are not allowable as they do not meet the criteria of Ohio Revised Code Section 3315.20(A). These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 15,634</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund loans between governmental funds are eliminated for reporting in the statement of net position.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Tuscarawas County, Guernsey County and Coshocton County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$374,762 in the general fund, \$4,973 in the classroom maintenance fund (a nonmajor governmental fund) and \$25,636 in the debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2012 was \$371,746 in the general fund, \$4,922 in the classroom maintenance fund (a nonmajor governmental fund) and \$26,954 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 67,738,100	71.22	\$ 68,990,370	72.24
Commercial/industrial real estate	18,905,520	19.88	17,725,530	18.56
Public utility personal	<u>8,466,240</u>	<u>8.90</u>	<u>8,790,130</u>	<u>9.20</u>
<b>Total</b>	<b><u>\$ 95,109,860</u></b>	<b><u>100.00</u></b>	<b><u>\$ 95,506,030</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$50.00		\$49.80	
Permanent improvement	0.50		0.50	
Debt service	2.50		2.10	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes and intergovernmental grants and entitlements. 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. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 3,176,926
Intergovernmental	<u>125,987</u>
<b>Total</b>	<b><u>\$ 3,302,913</u></b>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance			Balance
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 121,788	\$ -	\$ -	\$ 121,788
Total capital assets, not being depreciated	<u>121,788</u>	<u>-</u>	<u>-</u>	<u>121,788</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,800,857	-	-	1,800,857
Buildings and improvements	20,020,131	-	-	20,020,131
Furniture and equipment	2,605,003	191,323	(21,920)	2,774,406
Vehicles	910,919	7,043	-	917,962
Total capital assets, being depreciated	<u>25,336,910</u>	<u>198,366</u>	<u>(21,920)</u>	<u>25,513,356</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,041,942)	(97,480)	-	(1,139,422)
Buildings and improvements	(7,145,484)	(434,424)	-	(7,579,908)
Furniture and equipment	(2,247,315)	(87,263)	8,519	(2,326,059)
Vehicles	(739,410)	(35,416)	-	(774,826)
Total accumulated depreciation	<u>(11,174,151)</u>	<u>(654,583)</u>	<u>8,519</u>	<u>(11,820,215)</u>
Governmental activities capital assets, net	<u>\$ 14,284,547</u>	<u>\$ (456,217)</u>	<u>\$ (13,401)</u>	<u>\$ 13,814,929</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 327,689
Special	39,806
Vocational	3,084

Support services:

Pupil	4,844
Instructional staff	34,145
Administration	11,989
Fiscal	2,845
Operations and maintenance	54,042
Pupil transportation	35,802
Other non-instructional services	9,726
Extracurricular activities	98,731
Food service operations	<u>31,880</u>
Total depreciation expense	<u>\$ 654,583</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During the current fiscal year and a prior fiscal year, the District entered into capital lease agreements for copier equipment. The lease agreements meet the criteria of capital leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$102,107. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$10,211, leaving a current book value of \$91,897. A corresponding liability was recorded on the statement of net position. Principal and interest payments in the 2013 fiscal year totaled \$15,071 and \$3,874, respectively, paid by the general fund. In addition to the amount of principal retired, the District also traded in capital leases with a principal balance of \$9,625.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

Fiscal Year <u>Ending June 30,</u>	<u>Amount</u>
2014	\$ 23,122
2015	23,123
2016	23,123
2017	23,123
2018	<u>7,708</u>
Total minimum lease payments	100,199
Less: Amount representing interest	<u>(10,280)</u>
Total	<u>\$ 89,919</u>

**NOTE 10 - LEASE-PURCHASE AGREEMENT**

On June 15, 2001, the District entered into a lease-purchase agreement with Banc One Leasing Corporation for the financing of the reconstruction and improvement of Lee Stadium, which includes bleachers, new all-weather track facilities and a concession/restroom building. The source of revenue to fund the principal and interest payments is derived from the Vernon and Edith Lee trust fund. The trust agreement stipulates that the monies donated to the District are to be used under the direction of the Board of Education for the maintenance, repair, construction and reconstruction to the District's athletic facilities. During fiscal year 2013, the District made principal payments totaling \$77,292 and interest payments totaling \$17,708 on the lease-purchase agreement. The lease payments are recorded as expenditures in the permanent fund (a nonmajor governmental fund).

A liability in the amount of the present value of minimum lease payments has been recorded in the statement of net position. Capital assets consisting of land and building improvements have been capitalized in the amount of \$1,012,028. This amount represents the costs of the reconstruction and improvements of Lee Stadium funded by the lease-purchase agreement.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 95,000
2015	95,000
2016	<u>79,734</u>
Total minimum lease payments	269,734
Less: amount representing interest	<u>(24,765)</u>
Total	<u>\$ 244,969</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the reconstruction and improvements of Lee Stadium are being made to Banc One Leasing Corporation. The District is the lessor and Banc One Leasing Corporation is the lessee under the ground-lease agreement. The sublease commenced on June 15, 2001 and terminates on June 15, 2021, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2013, the following activity occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>	<u>Due Within</u>
					<u>One Year</u>
<u>General obligation bonds</u>					
Current interest refunding bonds-series 2010	\$ 1,920,000	\$ -	\$ (180,000)	\$ 1,740,000	\$ 185,000
Capital appreciation refunding bonds-series 2010	9,998	-	-	9,998	-
Accreted interest-series 2010	<u>6,609</u>	<u>6,686</u>	<u>-</u>	<u>13,295</u>	<u>-</u>
Total general obligation bonds	<u>1,936,607</u>	<u>6,686</u>	<u>(180,000)</u>	<u>1,763,293</u>	<u>185,000</u>
Capital leases	12,508	102,107	(24,696)	89,919	19,059
Lease-purchase agreement payable	322,261	-	(77,292)	244,969	81,872
Compensated absences	<u>433,962</u>	<u>118,055</u>	<u>(194,260)</u>	<u>357,757</u>	<u>85,511</u>
Total long-term obligations	<u>\$ 2,705,338</u>	<u>\$ 226,848</u>	<u>\$ (476,248)</u>	<u>2,455,938</u>	<u>\$ 371,442</u>
				Add: Unamortized premium on bonds - 2010	<u>112,520</u>
				Total reported on statement of net position	<u>\$ 2,568,458</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid which, for the District, primarily includes the general fund, the food service fund and Title I fund (nonmajor governmental funds).

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Series 2010 Refunding General Obligation Bonds**

On December 1, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to currently refund the callable portion of the Series 2001 school improvement general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded general obligation bonds at June 30, 2013, is \$1,749,998.

The refunding issue is comprised of both current interest bonds, par value \$2,100,000, and capital appreciation bonds par value \$9,998. The interest rates on the current interest bonds range from 2.00% - 4.25%. The capital appreciation bonds mature on December 1, 2019 (stated interest rate 36.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing each December 1, 2019 is \$210,000. Total accreted interest of \$13,295 has been included in the statement of net position at June 30, 2013.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. Debt payments will be made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$53,434. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 13 years by \$338,893 and resulted in an economic gain of \$212,481.

	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2013</u>	<u>Amounts Due in One Year</u>
Current interest refunding bonds	2.00-4.25%	\$ 1,920,000	\$ -	\$ (180,000)	\$ 1,740,000	\$ 185,000
Capital appreciation refunding bonds		9,998	-	-	9,998	-
Accreted interest		<u>6,609</u>	<u>6,686</u>	<u>-</u>	<u>13,295</u>	<u>-</u>
Total		<u>\$ 1,936,607</u>	<u>\$ 6,686</u>	<u>\$ (180,000)</u>	<u>\$ 1,763,293</u>	<u>\$ 185,000</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

- C. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2010			Capital Appreciation Bonds - Refunding 2010		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 185,000	\$ 53,787	\$ 238,787	\$ -	\$ -	\$ -
2015	185,000	49,856	234,856	-	-	-
2016	195,000	45,338	240,338	-	-	-
2017	195,000	39,975	234,975	-	-	-
2018	200,000	33,800	233,800	-	-	-
2019 - 2023	<u>780,000</u>	<u>83,375</u>	<u>863,375</u>	<u>9,998</u>	<u>200,002</u>	<u>210,000</u>
Total	<u>\$ 1,740,000</u>	<u>\$ 306,131</u>	<u>\$ 2,046,131</u>	<u>\$ 9,998</u>	<u>\$ 200,002</u>	<u>\$ 210,000</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$7,120,471 (including available funds of \$274,926) and an unvoted debt margin of \$95,506.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for classified employees and 240 days for certified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 55 days for all classified employees and 60 days for certified employees.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to employees through Medical Life Insurance Company in the amount of \$30,000.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 12 - EMPLOYEE BENEFITS - (Continued)**

**C. Retirement Incentive**

A onetime retirement bonus in the amount of \$10,000 will be available to bargaining unit members who become first time eligible for retirement or reach 30 years of service under STRS guidelines and retire at the end of the school year in which they qualify. Payment shall be made the January following retirement.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the District contracted with Ohio School Plan for property insurance, for fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and contents - replacement cost (\$1,000 deductible)	\$58,788,635
Automobile liability (Buses, \$1,000 deductible; Other, \$250/\$500 deductible)	5,000,000
Professional liability:	
Per occurrence	5,000,000
Per aggregate	7,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no reduction in coverage.

**B. Workers' Compensation**

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the Plan.

**C. Employee Group Life, Medical, Dental, and Vision Insurance**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$221,670 reported in the internal service fund at June 30, 2013, is based on an estimate provided by 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 the claims.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 13 - RISK MANAGEMENT - (Continued)**

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>
2013	\$ 105,044	\$ 1,866,031	\$ (1,749,405)	\$ 221,670
2012	126,149	1,827,704	(1,848,809)	105,044

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$184,517, \$182,779 and \$175,143, respectively; 69.41 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 14 - PENSION PLANS - (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$564,052, \$570,071 and \$582,883, respectively; 83.06 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$14,195 made by the District and \$10,139 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The 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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$23,453, \$36,906 and \$44,600, respectively; 69.41 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$10,423, \$10,794 and \$11,271, respectively; 69.41percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$43,389, \$43,852 and \$44,837, respectively; 83.06 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and food service fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and food service fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Food Service Fund</u>
Budget basis	\$ (571,091)	\$ (32,095)
Net adjustment for revenue accruals	3,016	31,757
Net adjustment for expenditure accruals	(73,318)	(30,231)
Net adjustment for other sources/uses	116,398	-
Funds budgeted elsewhere	14,176	-
Adjustment for encumbrances	<u>81,454</u>	<u>-</u>
GAAP basis	<u>\$ (429,365)</u>	<u>\$ (30,569)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 18 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	192,578
Current year qualifying expenditures	(113,502)
Current year offsets	(39,212)
Prior year offset from bond proceeds	<u>(153,366)</u>
Total	<u>\$ (113,502)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

In prior fiscal years, the District issued \$3,037,000 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,555,934 at June 30, 2013.

**NOTE 19 - OPERATING LEASES - LESSEE DISCLOSURE**

The District has entered into a non-cancelable operating lease agreement for equipment which expires during fiscal year 2014. Equipment operating lease expenditures totaled \$26,160 in fiscal year 2013. The agreement provides for annual lease payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 6,540
Total minimum lease payments	<u>\$ 6,540</u>

**NOTE 20 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 73,977
Other governmental	<u>35,752</u>
Total	<u>\$ 109,729</u>

**This page intentionally left blank.**



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 13,683	\$ 13,683
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	108,303	108,303
National School Lunch Program	2012/2013	10.555	274,248	274,248
Cash Assistance Subtotal			<u>382,551</u>	<u>382,551</u>
Total Child Nutrition Cluster			<u>396,234</u>	<u>396,234</u>
Total U.S. Department of Agriculture			396,234	396,234
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2012	84.010	29,043	43,076
	2013		539,847	505,284
Total Title I Grants to Local Educational Agencies			<u>568,890</u>	<u>548,360</u>
Special Education - Grants to States	2012	84.027	6,301	31,641
	2013		208,592	205,384
Total Special Education - Grants to States			<u>214,893</u>	<u>237,025</u>
Educational Technology State Grants	2012	84.318		1,732
Rural Education	2012	84.358	(1,423)	
	2013		5,798	4,383
Total Rural Education			<u>4,375</u>	<u>4,383</u>
Improving Teacher Quality State Grants	2012	84.367	7,924	14,646
	2013		86,554	86,122
Total Improving Teacher Quality State Grants			<u>94,478</u>	<u>100,768</u>
Total U.S. Department of Education			<u>882,636</u>	<u>892,268</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,278,870</u></b>	<b><u>\$ 1,288,502</u></b>

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2012 to 2013 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2012 to 2013</u>
Rural Education	84.358	\$1,423



# Dave Yost • Auditor of State

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

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 South River Street  
Newcomerstown, Ohio 43832

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2014.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2013-001.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 11, 2014



# Dave Yost • Auditor of State

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

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 South River Street  
Newcomerstown, Ohio 43832

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Newcomerstown Exempted Village School District's, Tuscarawas County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the District's major federal program.

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

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on the Title I Grants to Local Educational Agencies Program***

As described in Finding 2013-002 in the accompanying Schedule of Findings, the District did not comply with requirements regarding cash management applicable to its Title I Grants to Local Educational Agencies major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

***Qualified Opinion on the Title I Grants to Local Educational Agencies Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Title I Grants to Local Educational Agencies Program* paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I Grants to Local Educational Agencies Program for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-002 to be a material weakness.

The District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Newcomerstown Exempted Village School District  
Tuscarawas County  
Independent Auditor's Report on Compliance with Requirements Applicable  
To Each Major Federal Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133  
Page 2

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 11, 2014

**This page intentionally left blank**



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Program's Compliance Opinion</b>	Qualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510(a)?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Program (list):</b>	Title I Grants to Local Educational Agencies, CFDA # 84.010
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2013-001**

**Noncompliance**

Ohio Rev. Code Section 5705.10(l) requires that monies paid into any fund be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Throughout fiscal year 2013 and as of June 30, 2013, the Food Service Fund incurred negative cash fund balances ranging between \$480,950 and \$595,393. Throughout fiscal year 2013, the Vernon & Edith Lee Trust Fund incurred negative cash fund balances ranging between \$5,497 and \$52,997. As a result, monies from other funds were used to cover the obligations incurred by these funds.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013  
(Continued)**

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

**FINDING NUMBER 2013-001 (Continued)**

**Noncompliance – Ohio Rev. Code Section 5705.10(I) (Continued)**

The District should monitor receipts and disbursements on a regular basis to ensure a sufficient fund balance exists before authorizing the expenditure of funds. In those cases where additional funds were required, the resources should either be transferred or advanced to that fund from the General Fund to help avoid a negative cash fund balance. We also recommend the District establish a plan to curtail unnecessary spending in order to eliminate negative fund balances.

**Official's Response:** The District is taking steps to help reduce the negative balance in the Food Service Fund including increasing the fee for full pay lunches, decreasing hourly rate and not offering insurance to newly hired food service employees and working with the Children's Hunger Alliance, Inc. to trouble shoot the problem areas in our cafeteria operations.

**3. FINDINGS FOR FEDERAL AWARDS**

**Cash Management**

<b>Finding Number</b>	2013-002
<b>CFDA Titles and Numbers</b>	Title I Grants to Local Educational Agencies, CFDA # 84.010
<b>Federal Award Number / Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance and Material Weakness**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2013-002 (Continued)**

**Noncompliance Citation – 34 C.F.R. 80.21(c) (Continued)**

Ohio Department of Education CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 C.F.R. 80.21). To receive approval consideration, cash requests must be made for immediate needs for the month requested. Ohio Department of Education Project Cash Request Instructions state the Ohio Department of Education (ODE) will initiate the first payment of project funds to school districts and agencies upon project approval. Subsequent payments must be requested as needed and for immediate cash needs. Funds may be requested for a maximum of one (1) month plus any negative cash balance. To comply with the "Cash Management Act" 31 C.F.R. part 205, the time lapse between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds MUST be expended within the period of time for which cash is requested.

During fiscal year 2013 within the Title I Fund, we determined seven of the eleven drawdowns tested were not spent by the end of the month for which the funds were requested. The amount of these advance drawdowns that were not expended by the end of the month for which the funds were requested ranged from \$6,138 to \$67,524. The Title I grant had unspent monies as of June 30, 2013. We also noted the balance per the FINDET did not agree to the reported fund balance on one of the Project Cash Requests.

We recommend the District monitor the cash balances in the Title I fund to determine when these expenditures should be made and/or how much cash to request. This will help ensure that the monies drawn down are expended within the required time frame. These funds should be expended by the end of the month in which funds were requested.

**Official's Response:** The District is monitoring the Title I fund closely and attempting to submit project cash requests in an amount that will be spent each month.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Noncompliance with Ohio Rev. Code Section 5705.10(H) for negative fund balances.	No	Repeated as Finding Number 2013-001 citing Rev. Code Section 5705.10(I) due to a revision in the Code.
2012-002	Noncompliance with Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations in the Food Service Fund by \$499,416	Yes	N/A



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Newcomerstown Exempted Village School District  
Tuscarawas County  
702 South River Street  
Newcomerstown, Ohio 43832

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on August 13, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

**Dave Yost**  
Auditor of State

Columbus

March 11, 2014

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 25, 2014**