



Dave Yost • Auditor of State



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
SENECA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Carey Exempted Village School District  
Wyandot County  
357 East South Street  
Carey, Ohio 43316-1273

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 Carey Exempted Village School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2014, 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion and Analysis* includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Receipt and Expenditure Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, 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 initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 27, 2015

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The management's discussion and analysis of the Carey 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, 2014, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

- The total net cash position of the District increased \$16,090,103 from fiscal year 2013.
- General cash receipts accounted for \$25,360,845 or 92.98% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,915,532 or 7.02% of total governmental activities cash receipts.
- The District had \$11,186,274 in cash disbursements related to governmental activities; \$1,915,532 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements not restricted to specific programs) of \$25,360,845 were adequate to provide for these programs.
- The District's two major funds are the general fund and the classroom facilities fund. The general fund had cash receipts of \$8,342,459 in 2014. The cash disbursements of the general fund, totaled \$8,648,730 in 2014. The general fund's cash balance decreased \$306,271 from 2013 to 2014.
- The classroom facilities fund had cash receipts (including \$9,326,370 for the issuance of bonds) of \$15,559,045 in 2014. The cash disbursements of the classroom facilities fund, totaled \$1,004,391 in 2014. The classroom facilities fund was established in fiscal year 2014 to account for the District's CFAP construction project.

**Using this Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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, there are two major governmental funds. The general fund and the classroom facilities fund are the only major funds.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

**Reporting the District as a Whole**

***Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis***

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer the question, “How did the District perform financially during 2014?” These statements include *only net cash position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis 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, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities include District’s programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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 classroom facilities 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 the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District’s general government operations and the basic services it provides.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds are a private-purpose trust fund used to account for scholarships and an agency fund.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

Recall that the Statement of Net Position – Cash Basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2014 and June 30, 2013.

	<b>Net Cash Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 23,622,191	\$ 7,531,751
Cash and cash equivalents with fiscal agent	120	457
Total assets	<u>23,622,311</u>	<u>7,532,208</u>
<u>Net Cash Position</u>		
Restricted	17,035,350	796,366
Unrestricted	6,586,961	6,735,842
Total net cash position	<u>\$ 23,622,311</u>	<u>\$ 7,532,208</u>

The total net cash position of the District increased \$16,090,103 over fiscal year 2013. This increase can be attributed to the issuance of bonds during the fiscal year in the amount of \$10,905,000 to finance the local share of the school construction project under the State of Ohio Classroom Facilities Assistance Program (CFAP).

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

The balance of government-wide unrestricted net cash position of \$6,586,961 may be used to meet the District's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal year 2014 and 2013.

	<b>Change in Net Cash Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 722,180	\$ 773,226
Operating grants and contributions	1,193,352	1,079,720
Total program cash receipts	<u>1,915,532</u>	<u>1,852,946</u>
General cash receipts:		
Property and other taxes	3,353,370	2,920,161
Unrestricted grants	4,461,817	4,068,443
Restricted grants	6,226,678	-
Issuance of bonds	10,905,000	-
Premium on bonds	271,575	-
Investment earnings	38,489	28,474
Other	103,916	70,012
Total general cash receipts	<u>25,360,845</u>	<u>7,087,090</u>
Total cash receipts	<u>\$ 27,276,377</u>	<u>\$ 8,940,036</u>

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

	<b>Change in Net Cash Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<b>Cash Disbursements:</b>		
Instruction:		
Regular	\$ 3,768,546	\$ 3,497,134
Special	1,374,926	991,483
Vocational	457,222	431,191
Other	438,253	425,164
Support services:		
Pupil	508,030	437,276
Instructional staff	240,126	482,142
Board of education	118,666	54,609
Administration	755,915	731,617
Fiscal	345,665	315,899
Operations and maintenance	444,214	633,275
Pupil transportation	301,075	390,172
Central	11,362	-
Operation of non-instructional services:		
Other non-instructional services	144,888	166,201
Food service operations	362,598	361,411
Extracurricular	360,456	364,588
Facilities acquisition and construction	1,004,443	48,509
Debt service:		
Interest and fiscal charges	347,276	-
Bond issuance costs	202,613	-
Total cash disbursements	<u>11,186,274</u>	<u>9,330,671</u>
Change in net cash position	16,090,103	(390,635)
Net cash position at beginning of year	7,532,208	7,922,843
Net cash position at end of year	<u>\$ 23,622,311</u>	<u>\$ 7,532,208</u>

**Governmental Activities**

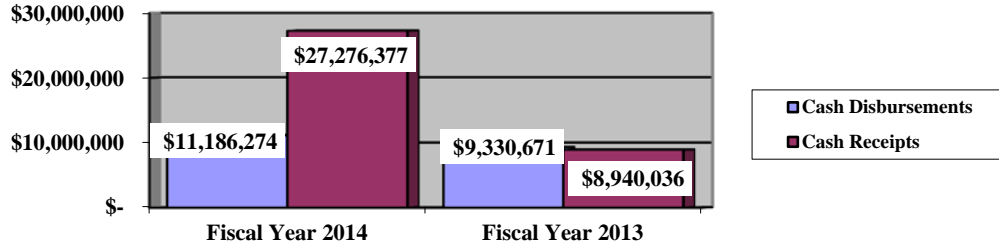
Governmental cash position increased \$16,090,103 in fiscal year 2014 from fiscal year 2013. Total governmental disbursements of \$11,186,274 were offset by program receipts of \$1,915,532 and general receipts of \$25,360,845. Program revenues supported 17.12% of the total governmental disbursements. The increase in general receipts can be attributed to grants received for the construction project as well as an increase in the collection of property taxes in the bond retirement fund (a nonmajor governmental fund) and the classroom facilities maintenance fund (a nonmajor governmental fund) related to the new bond issuance.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These receipt sources represent 55.85% of total governmental receipts. Real estate is reappraised every six years. The District also received approximately \$11 million from the issuance of general obligation bonds during the fiscal year.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



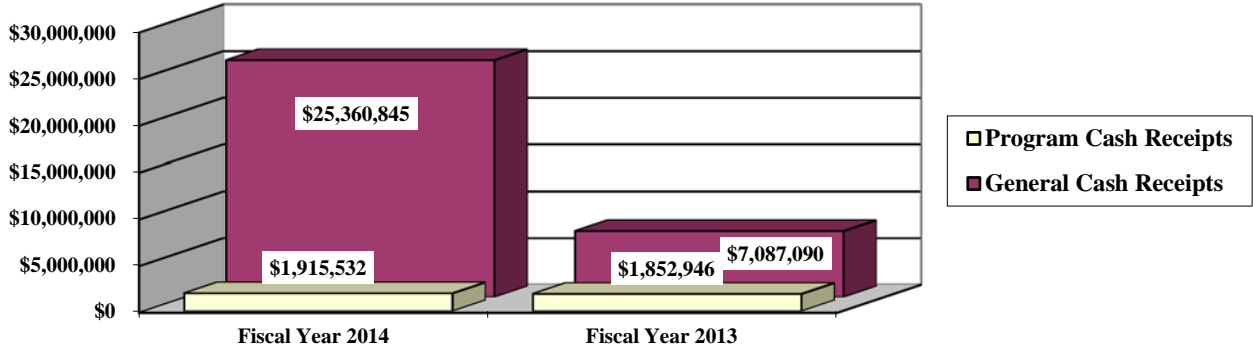
	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<b>Cash disbursements</b>				
Instruction:				
Regular	\$ 3,768,546	\$ 3,346,316	\$ 3,497,134	\$ 3,045,492
Special	1,374,926	651,381	991,483	359,320
Vocational	457,222	379,670	431,191	352,697
Other	438,253	422,002	425,164	407,566
Support services:				
Pupil	508,030	499,803	437,276	431,431
Instructional staff	240,126	204,210	482,142	432,470
Board of education	118,666	118,666	54,609	54,609
Administration	755,915	753,470	731,617	729,872
Fiscal	345,665	345,665	315,899	315,899
Operations and maintenance	444,214	443,224	633,275	632,945
Pupil transportation	301,075	270,894	390,172	363,662
Central	11,362	11,362	-	-
Operation of non-instruction services:				
Other non-instructional services	144,888	671	166,201	30,191
Food service operations	362,598	18,671	361,411	13,193
Extracurricular	360,456	250,405	364,588	259,869
Facilities acquisition and construction	1,004,443	1,004,443	48,509	48,509
Debt service:				
Interest and fiscal charges	347,276	347,276	-	-
Bond issuance costs	202,613	202,613	-	-
<b>Total</b>	<u>\$ 11,186,274</u>	<u>\$ 9,270,742</u>	<u>\$ 9,330,671</u>	<u>\$ 7,477,725</u>

The dependence upon general cash receipts for governmental activities is apparent; with 82.88% of cash disbursements supported through taxes and other general cash receipts during 2014.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$23,622,311, which is \$16,090,103 above last year's total of \$7,532,208. This increase can be attributed to the issuance of general obligation bonds and restricted grants received through the CFAP construction project. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2014 and June 30, 2013, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2014</u>	Fund Cash Balance <u>June 30, 2013</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 5,438,964	\$ 5,745,235	\$ (306,271)
Classroom facilities	14,554,654	-	14,554,654
Other Nonmajor Governmental Funds	<u>3,628,693</u>	<u>1,786,973</u>	<u>1,841,720</u>
Total	<u>\$ 23,622,311</u>	<u>\$ 7,532,208</u>	<u>\$ 16,090,103</u>

**General Fund**

The general fund, the District's primary major fund, had cash receipts of \$8,342,459 in 2014. The cash disbursements of the general fund, totaled \$8,648,730 in 2014. The general fund's cash balance decreased \$306,271 from 2013 to 2014. The tables that follow assist in illustrating the cash receipts and expenditures of the general fund.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

	2014 <u>Amount</u>	2013 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 2,889,691	\$ 2,772,113	4.24 %
Tuition	356,927	389,074	(8.26) %
Earnings on investments	31,467	28,474	10.51 %
Other local revenues	209,513	122,020	71.70 %
Intergovernmental	4,854,861	4,459,475	8.87 %
Total	<u>\$ 8,342,459</u>	<u>\$ 7,771,156</u>	7.35 %
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 5,726,306	\$ 5,029,481	13.85 %
Support services	2,643,151	2,748,166	(3.82) %
Extracurricular	279,273	284,155	(1.72) %
Facilities acquisition and construction	-	1,000	100.00 %
Total	<u>\$ 8,648,730</u>	<u>\$ 8,062,802</u>	7.27 %

Overall receipts increased slightly from 2013 with an increase of \$571,303 or 7.35%. The increase in earnings on investments is due to an increase in the amount of investments from the prior year. Although there was a 71.70% increase in other local revenues, the dollar amount is insignificant to the total receipts. The decrease in tuition receipts can be attributed to a decrease in open enrollment from 2013.

Overall disbursements also increased slightly from 2013 with an increase of \$585,928 or 7.27% from 2013. This increase can be attributed to the increased costs related to instructional programs from the prior year. The biggest increases were in the areas of regular and special instruction. These two combined were \$696,825 higher than in fiscal year 2013. This increase can be attributed to the rise in personnel costs as well as costs associated with special needs children.

***Classroom Facilities Fund***

The classroom facilities fund had cash receipts (including \$9,326,370 for the issuance of bonds) of \$15,559,045 in 2014. The cash disbursements of the classroom facilities fund, totaled \$1,004,391 in 2014. The classroom facilities fund was established in fiscal year 2014 to account for the District's CFAP construction project.

***Budgeting Highlights - General Fund***

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.

For the general fund, final budget basis receipts were \$229,449 greater than the original budget estimates. Actual cash receipts of \$8,319,111 were more than final budget estimates by \$409,234. Final budget basis disbursements were \$585,830 above original budget estimates. The actual budgetary basis disbursements of \$8,816,581 were \$252,594 less than the final budget estimates.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)

**Capital Assets and Debt Administration**

*Capital Assets*

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had \$1,004,443 in facilities acquisition and construction disbursements during fiscal year 2014.

*Debt Administration*

The District had the following long-term obligations outstanding at June 30, 2014. The District did not have any long-term obligations outstanding at June 30, 2013.

**Outstanding Debt, at Year End**

	Governmental Activities 2014	Governmental Activities 2013
General obligation bonds	\$ 10,912,791	\$ -

See Note 6 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The preceding financial information reveals that Carey Exempted Village School District has done an excellent job of managing the funds available to them. After thirteen years without seeking new operating money the District requested, and the voters approved a one percent income tax levy in November 2004. Five year renewals for the income tax levy were approved by the voters in November 2008 and May 2014. This levy is necessary due to the financial stress and burden placed on school districts by the state in recent years through the shifting of funding.

Effective millage rates have been at the required 20 mil floor since calendar year 2004. This has resulted in some amount of real property tax growth.

Due to House Bill 66, additional local dollars have been lost in the form of reduced personal tangible property taxes. All personal tangible property taxes have been phased out as of May 2009. These taxes provided in excess of \$1,000,000 in revenue in 2005. This means that the District lost about 17% of its revenue stream. HB153 provided an accelerated phase out of the TPP reimbursement. The District lost 25 percent of the reimbursement in fiscal year 2012 and another 25 percent in fiscal year 2013 which is consistent with 2014. Current legislation states that this level of the reimbursement will continue indefinitely. However, that is subject to the governor's budget each year and future legislation may not support the continuation of that funding. The District has been able to overcome the loss of TPP in part due to CAUV increases and proper fiscal management. The administration has made cuts in staff through attrition and will continue to evaluate programs and expenditures and make adjustments as needed.

The enrollment pattern has resulted in a very slight decline in recent years. Open enrollment figures for recent years show a positive number of students entering the District over those leaving the District. Students attending community schools remained relatively consist from 2013 to 2014. Open enrollment and community school numbers are uncertain from year to year and, are therefore, monitored closely.

The Carey Exempted Village School District is committed to educational and financial excellence. The community has been very supportive of the school in all aspects of the educational process. We feel confident that this amiable relationship will continue and will benefit the entire community for many years to come.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Karen Phillips, Treasurer, Carey Exempted Village School District, 357 East South Street, Carey, Ohio 43316-1273.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 23,622,191
Cash with fiscal agent . . . . .	120
Total assets. . . . .	\$ 23,622,311
 <b>Net cash position:</b>	
Restricted for:	
Capital projects . . . . .	\$ 16,750,062
Classroom facilities maintenance . . . . .	38,881
Debt service. . . . .	40,526
Locally funded programs . . . . .	1,000
State funded programs. . . . .	37,407
Federally funded programs . . . . .	168
Student activities . . . . .	43,742
Food services . . . . .	123,564
Unrestricted . . . . .	6,586,961
Total net cash position. . . . .	\$ 23,622,311

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,768,546	\$ 408,334	\$ 13,896	\$ (3,346,316)
Special . . . . .	1,374,926	9,496	714,049	(651,381)
Vocational . . . . .	457,222	-	77,552	(379,670)
Other . . . . .	438,253	16,251	-	(422,002)
Support services:				
Pupil . . . . .	508,030	-	8,227	(499,803)
Instructional staff . . . . .	240,126	-	35,916	(204,210)
Board of education . . . . .	118,666	-	-	(118,666)
Administration . . . . .	755,915	-	2,445	(753,470)
Fiscal . . . . .	345,665	-	-	(345,665)
Operations and maintenance . . . . .	444,214	990	-	(443,224)
Pupil transportation . . . . .	301,075	2,856	27,325	(270,894)
Central . . . . .	11,362	-	-	(11,362)
Operation of non-instructional services:				
Other non-instructional services . . . . .	144,888	-	144,217	(671)
Food service operations . . . . .	362,598	181,968	161,959	(18,671)
Extracurricular activities . . . . .	360,456	102,285	7,766	(250,405)
Facilities acquisition and construction . . . . .	1,004,443	-	-	(1,004,443)
Debt service:				
Interest and fiscal charges . . . . .	347,276	-	-	(347,276)
Bond issuance costs . . . . .	202,613	-	-	(202,613)
<b>Total governmental activities . . . . .</b>	<b>\$ 11,186,274</b>	<b>\$ 722,180</b>	<b>\$ 1,193,352</b>	<b>(9,270,742)</b>

**General cash receipts:**

Property taxes levied for:	
General purposes . . . . .	1,783,353
Debt service . . . . .	290,048
Capital outlay . . . . .	151,538
Special revenues . . . . .	22,093
Income taxes levied for:	
General purposes . . . . .	1,106,338
Issuance of bonds . . . . .	10,905,000
Premium on sale of bonds . . . . .	271,575
Grants and entitlements restricted for Ohio	
Facilities Construction Commission . . . . .	6,226,678
Grants and entitlements not restricted	
to specific programs . . . . .	4,461,817
Investment earnings . . . . .	38,489
Miscellaneous . . . . .	103,916
<b>Total general cash receipts . . . . .</b>	<b>25,360,845</b>
Change in net cash position . . . . .	16,090,103
<b>Net cash position at beginning of year . . . . .</b>	<b>7,532,208</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$ 23,622,311</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,438,964	\$ 14,554,654	\$ 3,628,573	\$ 23,622,191
Cash with fiscal agent. . . . .	-	-	120	120
<b>Total assets . . . . .</b>	<b>\$ 5,438,964</b>	<b>\$ 14,554,654</b>	<b>\$ 3,628,693</b>	<b>\$ 23,622,311</b>
<b>Fund cash balances:</b>				
Restricted:				
Debt service . . . . .	\$ -	\$ -	\$ 40,526	\$ 40,526
Capital improvements . . . . .	-	14,554,654	2,195,408	16,750,062
Classroom facilities maintenance . . . . .	-	-	38,881	38,881
Food service operations . . . . .	-	-	123,564	123,564
Non-public schools . . . . .	-	-	37,407	37,407
Special education . . . . .	-	-	168	168
Other purposes. . . . .	-	-	1,000	1,000
Extracurricular activities . . . . .	-	-	43,742	43,742
Committed:				
Capital improvements . . . . .	-	-	1,148,136	1,148,136
Termination benefits. . . . .	165,191	-	-	165,191
Assigned:				
Student instruction . . . . .	34,245	-	-	34,245
Student and staff support. . . . .	276,868	-	-	276,868
Extracurricular activities . . . . .	40	-	-	40
Other purposes. . . . .	5,860	-	-	5,860
<b>Unassigned (deficit). . . . .</b>	<b>4,956,760</b>	<b>-</b>	<b>(139)</b>	<b>4,956,621</b>
<b>Total fund cash balances . . . . .</b>	<b>\$ 5,438,964</b>	<b>\$ 14,554,654</b>	<b>\$ 3,628,693</b>	<b>\$ 23,622,311</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts</b>				
From local sources:				
Property taxes . . . . .	\$ 1,783,353	\$ -	\$ 463,679	\$ 2,247,032
Income taxes . . . . .	1,106,338	-	-	1,106,338
Tuition . . . . .	356,927	-	-	356,927
Transportation fees . . . . .	2,856	-	-	2,856
Earnings on investments . . . . .	31,467	5,997	1,210	38,674
Charges for services . . . . .	-	-	181,968	181,968
Extracurricular . . . . .	22,748	-	95,788	118,536
Classroom materials and fees . . . . .	45,548	-	-	45,548
Rental income . . . . .	990	-	-	990
Contributions and donations . . . . .	18,100	-	7,766	25,866
Contract services . . . . .	15,355	-	-	15,355
Other local revenues . . . . .	103,916	-	-	103,916
Intergovernmental - intermediate . . . . .	-	-	6,497	6,497
Intergovernmental - state . . . . .	4,854,861	6,226,678	238,675	11,320,214
Intergovernmental - federal . . . . .	-	-	529,085	529,085
<b>Total cash receipts . . . . .</b>	<b>8,342,459</b>	<b>6,232,675</b>	<b>1,524,668</b>	<b>16,099,802</b>
<b>Cash disbursements</b>				
Current:				
Instruction:				
Regular . . . . .	3,751,302	-	17,244	3,768,546
Special . . . . .	1,079,529	-	295,397	1,374,926
Vocational . . . . .	457,222	-	-	457,222
Other . . . . .	438,253	-	-	438,253
Support services:				
Pupil . . . . .	499,803	-	8,227	508,030
Instructional staff . . . . .	204,210	-	35,916	240,126
Board of education . . . . .	118,666	-	-	118,666
Administration . . . . .	753,470	-	2,445	755,915
Fiscal . . . . .	329,451	-	16,214	345,665
Operations and maintenance . . . . .	443,514	-	700	444,214
Pupil transportation . . . . .	282,675	-	18,400	301,075
Central . . . . .	11,362	-	-	11,362
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	144,888	144,888
Food service operations . . . . .	-	-	362,598	362,598
Extracurricular activities . . . . .	279,273	-	81,183	360,456
Facilities acquisition and construction . . . . .	-	1,004,391	52	1,004,443
Debt service:				
Interest and fiscal charges . . . . .	-	-	347,276	347,276
Bond issuance costs . . . . .	-	-	202,613	202,613
<b>Total cash disbursements . . . . .</b>	<b>8,648,730</b>	<b>1,004,391</b>	<b>1,533,153</b>	<b>11,186,274</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(306,271)	5,228,284	(8,485)	4,913,528
<b>Other financing sources:</b>				
Premium on bonds issued . . . . .	-	-	271,575	271,575
Issuance of bonds . . . . .	-	9,326,370	1,578,630	10,905,000
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>9,326,370</b>	<b>1,850,205</b>	<b>11,176,575</b>
Net change in fund cash balances . . . . .	(306,271)	14,554,654	1,841,720	16,090,103
<b>Fund cash balances at beginning of year . . . . .</b>	<b>5,745,235</b>	<b>-</b>	<b>1,786,973</b>	<b>7,532,208</b>
<b>Fund cash balances at end of year . . . . .</b>	<b>\$ 5,438,964</b>	<b>\$ 14,554,654</b>	<b>\$ 3,628,693</b>	<b>\$ 23,622,311</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,728,365	\$ 1,780,000	\$ 1,783,353	\$ 3,353
Income taxes. . . . .	1,073,917	1,106,000	1,106,338	338
Tuition. . . . .	339,100	349,230	356,927	7,697
Transportation fees. . . . .	874	900	2,856	1,956
Earnings on investments . . . . .	28,159	29,000	31,467	2,467
Classroom materials and fees . . . . .	38,645	39,800	45,548	5,748
Rental income . . . . .	709	730	990	260
Contributions and donations . . . . .	14,808	15,250	17,500	2,250
Contract services. . . . .	10,795	11,117	15,355	4,238
Other local revenues . . . . .	72,173	74,329	103,916	29,587
Intergovernmental - state . . . . .	4,372,883	4,503,521	4,854,861	351,340
Total budgetary basis receipts . . . . .	<u>7,680,428</u>	<u>7,909,877</u>	<u>8,319,111</u>	<u>409,234</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	3,688,581	3,844,380	3,693,464	150,916
Special. . . . .	993,022	1,063,835	1,081,675	(17,840)
Vocational. . . . .	432,368	453,037	463,703	(10,666)
Other. . . . .	412,080	422,417	421,468	949
Support services:				
Pupil. . . . .	507,650	545,914	519,459	26,455
Instructional staff . . . . .	220,972	237,300	221,892	15,408
Board of education . . . . .	93,067	129,257	142,997	(13,740)
Administration. . . . .	753,951	776,100	728,176	47,924
Fiscal . . . . .	332,685	363,669	359,021	4,648
Operations and maintenance. . . . .	447,415	569,890	556,637	13,253
Pupil transportation . . . . .	309,458	363,048	343,640	19,408
Central. . . . .	12,330	13,538	11,362	2,176
Extracurricular activities. . . . .	274,884	281,790	273,087	8,703
Facilities acquisition and construction . . . . .	4,882	5,000	-	5,000
Total budgetary basis disbursements . . . . .	<u>8,483,345</u>	<u>9,069,175</u>	<u>8,816,581</u>	<u>252,594</u>
Net change in fund cash balance . . . . .	(802,917)	(1,159,298)	(497,470)	661,828
<b>Fund cash balance at beginning of year . . . . .</b>	5,066,226	5,066,226	5,066,226	-
<b>Prior year encumbrances appropriated . . . . .</b>	388,004	388,004	388,004	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 4,651,313</u>	<u>\$ 4,294,932</u>	<u>\$ 4,956,760</u>	<u>\$ 661,828</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 75,838	\$ 92,523
<b>Net cash position:</b>		
Held for student activities . . . . .	\$ -	\$ 92,523
Held in trust for scholarships . . . . .	75,838	-
Total net cash position. . . . .	\$ 75,838	\$ 92,523

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	
<b>Additions:</b>		
Interest . . . . .	\$	28
Gifts and contributions . . . . .		5,525
Total additions . . . . .		5,553
 <b>Deductions:</b>		
Scholarships awarded . . . . .		3,900
 Change in net cash position . . . . .		1,653
<b>Net cash position at beginning of year . . . . .</b>		<b>74,185</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$</b>	<b>75,838</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The Carey 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 1886. The District serves an area of approximately fifty square miles. It is located in Wyandot and Seneca Counties. It is staffed by 43 non-certified employees, 66 certified employees and 5 administrators who provide services to 856 students and other community members. The District currently operates one building which serves grades K through 12.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**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.

Our Lady of Consolation

Within the District's boundaries, Our Lady of Consolation is operated as a private Catholic school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The financial activity is reflected in a special revenue fund (other governmental fund) 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 governments 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).

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**A. Reporting Entity (Continued)**

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 E Market Street, Celina, Ohio 45822.

*PUBLIC ENTITY RISK POOLS*

Workers' Compensation Group Retro Program

The District participated in the Better Business Bureau group retro program for workers' compensation with Sheakley. The group retrospective (retro) rating program is a voluntary performance based incentive program. Similar to group rating, companies are grouped together to achieve lower premiums than they could as individuals. However, in this program, employers continue to pay their own individual premiums and the BWC calculates group retro rebates/assessment at 12, 24, and 36 months after the end of the policy year. This created an incentive for participants to control and reduce losses by practicing effective workplace safety and claims management.

Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the "Plan") is a public entity shared risk pool consisting of seven school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to employees of the participating school districts. Each participating school district's superintendent and treasurer are appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**A. Reporting Entity (Continued)**

Each school district decides which benefit program offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Kathleen Chapin, Huntington National Bank, PO Box 1558, Columbus, OH 43216.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

*RELATED ORGANIZATION*

Dorcas Carey Library

The Dorcas Carey Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Carey Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Dorcas Carey Library, Laura Toland, Clerk/Treasurer, 236 East Findlay Street, Carey, Ohio 43316.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. 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. The District has no proprietary funds.

*GOVERNMENTAL FUNDS*

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**C. Fund Accounting (Continued)**

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.

Classroom facilities fund - This fund is used to account for monies received and disbursed in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements 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 a disbursement for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to disbursements for principal and interest.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash position and changes in net cash 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 cash 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 private-purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**D. Basis of Presentation**

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**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 tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year 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 legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the District's reporting entity for which the "appropriated budget" is adopted.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wyandot County Budget Commission for tax rate determination.

*Estimated Resources:*

Prior to April 1, 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 of estimated resources 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 statement for the general fund reflect the amounts in the original and final amended certificates of estimated resources issued during fiscal year 2014.

*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 appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the certificate of estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**E. Budgets (Continued)**

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. All supplemental appropriations were legally enacted by the Board during fiscal year 2014.

The budget figures which appear in the statement of budgetary comparison for the general fund 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 and funds held by the North Central Ohio Educational Service Center, consistent with statutory provisions.

*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 Investments**

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

During fiscal year 2014, investments were limited to non-negotiable certificates of deposit, negotiable certificates of deposit, U.S. government money market mutual funds, U.S. Treasury notes, federal agency securities, commercial paper and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares prices, which is the price the investment could be sold for on June 30, 2014. All investments are reported at cost (carrying value). At June 30, 2014, the fair value of the District's investments was \$13,585,869 which is their carrying value.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$31,467, which includes \$8,463 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 4.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**G. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**H. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**I. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**J. Fund Cash Balance**

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

*Nonspendable* - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

*Restricted* - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

*Assigned* - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - 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 an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**K. Net Cash Position**

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available.

**L. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 receipts/disbursements in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**M. 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 2014.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 67, "*Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*", and GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*".

GASB Statement No. 67 improves the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**B. Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net cash position/fund cash balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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 maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

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 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. Cash with Fiscal Agent**

At fiscal year-end, the District had \$120 in cash and cash equivalents held by the North Central Ohio Educational Service Center. This amount is included on the financial statements as "Cash with Fiscal Agent". The North Central Ohio Educational Service Center holds this flow through grant money for the District together with that of other school districts and therefore the District cannot classify this money by risk under GASB Statement No. 40.

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits (including non-negotiable certificates of deposits of \$2,290,582) was \$10,204,683. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$6,416,576 of the District's bank balance of \$10,462,768 was exposed to custodial risk as discussed below, while \$4,046,192 was covered by the FDIC.

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.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**C. Investments**

As of June 30, 2014, the District had the following investments and maturities:

Investment type	Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
U.S. Government money market mutual fund	74,285	74,285	-	-	-	-
U.S. Treasury note	799,063	-	799,063	-	-	-
FFCB	2,823,718	-	1,199,828	1,623,890	-	-
FHLB	2,848,934	599,730	450,000	799,664	999,540	-
FHLM	680,000	-	-	-	680,000	-
FNMA	780,749	-	-	780,749	-	-
Commercial paper	2,672,325	2,672,325	-	-	-	-
Negotiable CD's	2,906,791	660,000	249,000	499,000	399,791	1,099,000
<b>Total</b>	<b>\$ 13,585,869</b>	<b>\$ 4,006,344</b>	<b>\$ 2,697,891</b>	<b>\$ 3,703,303</b>	<b>\$ 2,079,331</b>	<b>\$ 1,099,000</b>

*Interest Rate Risk:* The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Standard & Poor's has also assigned the U.S. Government money market mutual fund an AAAM money market rating. Federal agency securities and U.S. Treasury notes were rate AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper was rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The negotiable certificates of deposit are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4	0.00%
U.S. Government money market mutual fund	74,285	0.55%
U.S. Treasury note	799,063	5.88%
FFCB	2,823,718	20.78%
FHLB	2,848,934	20.97%
FHLM	680,000	5.01%
FNMA	780,749	5.75%
Commercial paper	2,672,325	19.67%
Negotiable CD's	2,906,791	21.40%
Total	<u>\$ 13,585,869</u>	<u>100%</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,204,683
Investments	13,585,869
Cash with fiscal agent	120
Total	<u>\$ 23,790,672</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 23,622,311
Private-purpose trust fund	75,838
Agency fund	92,523
Total	<u>\$ 23,790,672</u>

**NOTE 5 - 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 located in the District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 5 - PROPERTY TAXES - (Continued)**

Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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 Wyandot and Seneca Counties. 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, 2014, are available to finance fiscal year 2014 operations. 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.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 86,967,260	97.96	\$ 91,558,980	97.56
Public utility personal	1,813,120	2.04	2,286,920	2.44
<b>Total</b>	<b>\$ 88,780,380</b>	<b>100.00</b>	<b>\$ 93,845,900</b>	<b>100.00</b>
 Tax rate per \$1,000 of assessed valuation		\$52.90		\$59.65

**NOTE 6 - LONG-TERM OBLIGATIONS**

**A.** The changes in the District's long-term obligations during the year consist of the following:

	Balance <u>6/30/13</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/14</u>	Amount Due in <u>One Year</u>
<b><u>General Obligation Bonds:</u></b>					
Series 2013					
Current interest	\$ -	\$ 10,850,000	\$ -	\$ 10,850,000	\$ -
Capital appreciation bonds	-	55,000	-	55,000	-
Accreted interest on bonds	-	7,791	-	7,791	-
<b>Total General Obligation Bonds</b>	<b>\$ -</b>	<b>\$ 10,912,791</b>	<b>\$ -</b>	<b>\$ 10,912,791</b>	<b>\$ -</b>

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Series 2013 General Obligation Bonds**

On September 5, 2013, the District issued general obligation bonds, in the amount of \$10,905,000, for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$75,000, \$10,775,000 and \$55,000. The bonds are retired from the bond retirement fund, with a portion of the proceeds of a 6.5 mill voted property tax levy.

The capital appreciation bonds bear interest, compounded semi-annually on May 1 and November 1 (the "Interest Accretion Dates"), from the date of their issuance, but the interest will be payable only at maturity. The capital appreciation bonds will mature in fiscal years 2014 through 2032. The maturity amount of the capital appreciation bonds is \$1,320,000 with \$1,265,000 representing interest that accretes over the term of the bonds. The accreted value of the capital appreciation bonds at June 30, 2014 is \$7,791.

Future debt requirements are below:

Year	Series 2013A					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ -	\$ 563,150	\$ 563,150	\$ -	\$ -	\$ -
2016	5,000	563,075	568,075	-	-	-
2017	5,000	562,925	567,925	-	-	-
2018	30,000	562,400	592,400	-	-	-
2019	35,000	561,425	596,425	-	-	-
2020 - 2024	250,000	2,778,500	3,028,500	5,000	95,000	100,000
2025 - 2029	-	2,756,500	2,756,500	35,000	630,000	665,000
2030 - 2034	475,000	2,732,540	3,207,540	15,000	540,000	555,000
2035 - 2039	1,655,000	2,439,903	4,094,903	-	-	-
2040 - 2044	2,570,000	1,901,394	4,471,394	-	-	-
2045 - 2049	3,845,000	1,073,714	4,918,714	-	-	-
2050 - 2051	1,980,000	109,381	2,089,381	-	-	-
Total	<u>\$ 10,850,000</u>	<u>\$ 16,604,907</u>	<u>\$ 27,454,907</u>	<u>\$ 55,000</u>	<u>\$ 1,265,000</u>	<u>\$ 1,320,000</u>

**C. 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.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)**

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 effect of these debt limitations at June 30, 2014 was an unvoted debt margin of \$93,846. Pursuant to Ohio Revised Code Section 133.06, the District was able to exceed 9% of their tax valuation without receiving special needs approval from the State since the cost of their locally funded initiatives did not exceed fifty percent of the local share of their Ohio Schools Facilities Construction project.

**NOTE 7 - 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. For fiscal year 2014, the District purchased liability, property, and fleet insurance with Trident through Governmental Underwriters of America (GUA), 600 Superior Ave, Suite 1300, Cleveland, OH 44114. The District pays annual premiums based on the types and limits of coverage and deductibles selected.

Coverage provided by GUA is as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$25,853,494
EDP (\$500 deductible)	500,000
AV/Music/Misc Equip (\$500 deductible)	100,000 ea
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured and UnderInsured Motorists (\$1,000 deductible)	1,000,000
Collision (\$500 deductible)	
Other than Collision (\$250 deductible)	
General Liability-Aggregate	3,000,000
Per occurrence	1,000,000
Total per year	3,000,000
Excess Liability-Umbrella Form-each occurrence	1,000,000
Aggregate	1,000,000
Employee Dishonesty (\$250 deductible)	50,000
Forgery (\$250 deductible)	50,000
Money & Securities (\$250 deductible)	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 7 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The District participated in the Better Business Bureau Group Retro Program with Sheakley for calendar years 2013 and 2014. During fiscal year 2014, the firms of Comp Management, Inc. and Sheakley UniService provided administrative, cost control, assistance with safety programs, and actuarial services. The District treasurer also attends monthly meetings with the Tiffin Chamber of Commerce Safety Council.

**C. Health Insurance**

The District participates in the Wyandot-Crawford Health Benefit Plan (the "Plan"), a public entity shared risk pool consisting of seven school districts (FY2014). The District pays monthly premiums to the Plan for medical, dental, and life insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 8 - 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 District 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 2014, 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 14 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, 2014, 2013 and 2012 were \$125,166, \$122,327 and \$114,966, respectively; 85.20 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

**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".

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 2014, plan members were required to contribute 11 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 14 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, 2014, 2013 and 2012 were \$510,392, \$497,224 and \$495,605, respectively; 83.66 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**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, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 9 - 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 2014 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 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

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, 2014, 2013 and 2012 were \$1,338, \$1,494 and \$4,979, respectively; 85.20 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$7,262, \$6,910 and \$6,789, respectively; 85.20 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 9 - 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 2014, 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, 2014, 2013 and 2012 were \$39,261, \$38,248 and \$38,123, respectively; 83.66 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 10 - 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 involved in no material litigation as either plaintiff or defendant.

**NOTE 11 - STATUTORY RESERVES**

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. Disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 11 - STATUTORY RESERVES – (Continued)**

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2013	\$ -
Current year set-aside requirement	139,660
Current year qualifying disbursements	(61,052)
Current year offsets	<u>(78,608)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside reserve balance June 30, 2014	<u>\$ -</u>

For the capital improvements reserve, qualifying disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**NOTE 12 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash) and certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund:

<u>Net Change in Fund Cash Balance</u>	
Budget basis	\$ (497,470)
Funds budgeted elsewhere	(116,218)
Adjustment for encumbrances	<u>307,417</u>
Cash basis	<u>\$ (306,271)</u>

**NOTE 13 - INCOME TAXES**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax became effective January, 2005. A five year renewal of the levy was passed in November 2009. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the general fund.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 14 - COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and 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 Type</u>	Year-End <u>Encumbrances</u>	
General fund	\$ 307,417	
Classroom facilities fund	2,812,884	
Other nonmajor governmental	<u>22,668</u>	
Total	<u>\$ 3,142,969</u>	

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555	\$ 29,549	\$ 29,549
Cash Assistance	10.555	140,095	140,095
Total National School Lunch Program		<u>169,644</u>	<u>169,644</u>
School Breakfast Program	10.553	<u>18,154</u>	<u>18,154</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>187,798</u>	<u>187,798</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	132,434	129,338
Special Education - Grants to States	84.027	200,609	194,403
Improving Teacher Quality State Grants	84.367	28,336	28,336
ARRA - Race to the Top Incentive Grants	84.395A	<u>2,100</u>	<u>2,100</u>
Total U. S. Department of Education		<u>363,479</u>	<u>354,177</u>
<b>Total Federal Awards Receipts and Expenditures</b>		<u><u>\$ 551,277</u></u>	<u><u>\$ 541,975</u></u>

*The accompanying notes are an integral part of this schedule.*

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# 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*

Carey Exempted Village School District  
Wyandot County  
357 East South Street  
Carey, Ohio 43316-1273

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 Carey Exempted Village School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

***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 2014-001.

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

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

***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

January 27, 2015



# Dave Yost • Auditor of State

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

Carey Exempted Village School District  
Wyandot County  
357 East South Street  
Carey, Ohio 43316-1273

To the Board of Education:

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

We have audited Carey Exempted Village School District, Wyandot County, Ohio's, (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, 2014. The *Summary of Auditor's 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.

### ***Opinion on the Major Federal Program***

In our opinion, Carey Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

***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.

*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 compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

January 27, 2015

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster: CFDA #10.553 – School Breakfast Program and CFDA #10.555 – National School Lunch Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response:**

The Carey Board of Education acknowledges that the State requires school district's to create GAAP reports once a year. The Board also acknowledges that to do so creates additional costs to the District for conversion and auditing. School districts currently operate on a cash basis. The GAAP conversion process takes several months and the information is, therefore, outdated before the GAAP report is complete. If the State wishes to have school districts report on a GAAP, or accrual, basis, they should provide accrual accounting software that would also provide a balance sheet for the districts. It is the opinion of the Board and Administration that the GAAP conversion process is costly and time consuming to the District with little or no benefit to the District. Therefore, the District continues to report on a cash basis with OCBOA (Other Cash Basis of Accounting) statements prepared annually.



**FINDING NUMBER 2014-002**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. An error was noted in the classification of financial statement fund balances where Committed fund balance of \$148,136 within the Capital Improvement Reserve fund was improperly accounted for as Restricted.

The accompanying financial statements have been adjusted to correct this error.

We recommend fund balances be categorized in accordance with Governmental Accountings Standards Board Statement No. 54 and Auditor of State Bulletin 2011-004.

In addition, to ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the annual report by the Treasurer and Board of Education to identify and correct errors, omissions, and misclassifications.

**Officials' Response:**

The classification of the Capital Improvement Reserve fund was done by a third party accounting firm contracted to prepare the cash basis financial reports.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**None**

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2014**

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>
2013-001	Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	No	Not Corrected. Repeated in this report as finding 2014-001.



# Dave Yost • Auditor of State

**CAREY EXEMPTED VILLAGE SCHOOL**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2015**