



**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

January 4, 2013

Carrollton Exempted Village School District

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

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

Financial Highlights

Key financial highlights for 2012 are as follows:

- General Revenues accounted for \$17,900,077 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,907,611 or 14 percent of total revenues of \$20,807,688.
- Total program expenses were \$23,119,603.
- In total, net assets decreased \$2,311,915, which represents an 18.3 percent decrease from 2011.
- Debt increased during fiscal year 2012 due to loan proceeds of \$500,000 for a House Bill 264 project.

Using this Annual Report

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Carrollton Exempted Village School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

A question typically asked about the School District's finances "How did we do financially during fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School 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 School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and non instructional services, i.e., food service operations.

The government-wide financial statements begin on page 11.

Reporting the School 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 safeguarded for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which are considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with its budget.

The governmental fund financial statements begin on page 13.

Proprietary Fund – The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 18.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 21 and 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

(Table 1)
Net Assets

	Governmental Activities	
	2012	2011
Assets		
Current and Other Assets	\$ 14,256,102	\$ 15,783,430
Capital Assets	5,694,456	5,831,603
<i>Total Assets</i>	19,950,558	21,615,033
Liabilities		
Other Liabilities	7,675,784	7,601,949
Long-Term Liabilities	1,932,931	1,359,326
<i>Total Liabilities</i>	9,608,715	8,961,275
Net Assets		
Invested in Capital Assets	5,694,456	5,831,603
Restricted	25,284	28,498
Unrestricted	4,622,103	6,793,657
<i>Total Net Assets</i>	\$ 10,341,843	\$ 12,653,758

Total assets decreased by \$1,664,475. The majority of the decrease in assets is due to a significant decrease in cash. Cash balances decreased due to a decrease in revenues from stimulus awards. This decrease in revenues was higher than decreases in expense amounts. A decrease of \$137,147 in total capital assets reflects current year depreciation and disposals exceeding additional purchases. The increase in long-term liabilities is the result of the School District issuing new debt in fiscal year 2012.

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

Table 2 shows the changes in net assets for fiscal year 2012 and 2011. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets

	2012	2011
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 934,303	\$ 1,245,638
Operating Grants	1,973,308	3,057,369
Total Program Revenues	2,907,611	4,303,007
<i>General Revenues:</i>		
Property Taxes	5,839,918	7,492,216
Grants and Entitlements Not Restricted	11,940,113	12,689,612
Other	120,046	114,594
Total General Revenues	17,900,077	20,296,422
Total Revenues	20,807,688	24,599,429
Program Expenses		
<i>Instruction:</i>		
Regular	9,754,003	9,454,427
Special	2,124,515	2,518,567
Vocational	285,752	232,349
Student Intervention Services	19,072	21,148
Other	348,976	340,623
<i>Support Services:</i>		
Pupils	1,481,448	1,452,352
Instructional Staff	959,453	975,022
Board of Education	23,708	13,436
Administration	1,686,303	1,498,751
Fiscal	648,684	638,880
Business	68,005	122,223
Operation and Maintenance of Plant	2,489,142	1,773,043
Pupil Transportation	1,789,443	1,639,686
Central	42,818	46,807
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	722,532	713,748
Community Services	65,882	49,588
Other	315	0
Extracurricular Activities	609,552	570,434
<i>Debt Service:</i>		
Interest and Fiscal Charges	0	212
Total Expenses	23,119,603	22,061,296
Increase (Decrease) in Net Assets	(2,311,915)	2,538,133
Net Assets at Beginning of Year	12,653,758	10,115,625
Net Assets at End of Year	\$ 10,341,843	\$ 12,653,758

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

In fiscal year 2011, the School District received a lump sum payment approximately \$300,000 for oil and gas leases. This is the primary cause of the decrease in charges for services revenue in fiscal year 2012. The decrease in operating grants is due to the expiration of the American Recovery and Reinvestment Act grants and stimulus grants. The decrease in property tax revenue is due to fluctuations in the way the citizens paid their taxes. Unrestricted grants and entitlements decreased significantly due to the expiration of State Fiscal Stabilization funding. The increase in support services expenses for operation and maintenance is directly related to a HB 264 energy conservation project in fiscal year 2012.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$20,807,688 and expenditures of \$23,119,603.

(Table 3)
Governmental Activities
Total Cost & Net Cost of Program Services

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 9,754,003	\$ 9,454,427	\$ (9,065,193)	\$ (7,787,821)
Special	2,124,515	2,518,567	(1,462,188)	(1,666,825)
Vocational	285,752	232,349	(246,875)	(152,283)
Student Intervention Services	19,072	21,148	(19,072)	(21,148)
Other	348,976	340,623	(319,061)	(301,689)
Support Services:				
Pupils	1,481,448	1,452,352	(1,150,481)	(983,884)
Instructional Staff	959,453	975,022	(605,921)	(536,325)
Board of Education	23,708	13,436	(23,708)	(13,436)
Administration	1,686,303	1,498,751	(1,650,023)	(1,498,751)
Fiscal	648,684	638,880	(648,684)	(638,880)
Business	68,005	122,223	(68,005)	(122,223)
Operation and Maintenance of Plant	2,489,142	1,773,043	(2,467,496)	(1,761,668)
Pupil Transportation	1,789,443	1,639,686	(1,781,805)	(1,633,351)
Central	42,818	46,807	(42,818)	(46,807)
Operation of Non-Instructional Services:				
Food Service Operations	722,532	713,748	(146,413)	(142,441)
Community Services	65,882	49,588	(18,988)	(21,312)
Other	315	0	(315)	0
Extracurricular Activities	609,552	570,434	(494,946)	(429,233)
Debt Service:				
Interest and Fiscal Charges	0	212	0	(212)
Total Expenses	\$ 23,119,603	\$ 22,061,296	\$ (20,211,992)	\$ (17,758,289)

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

Instruction and student support services comprise 65 percent of governmental program expenses.

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only provide for 12.6 percent of all governmental expenses. Program revenues include charges for services and grants and contributions that are program specific. The community is the second largest area of support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting.

All governmental funds had total revenues, including other financing sources, of \$21,392,335 and expenditures, including other financing uses, of \$22,422,720 for fiscal year 2012. The net change in fund balance for all governmental funds was a decrease of \$1,030,385.

General Fund

The School District's general fund balance decreased \$1,038,325. This decrease in fund balance can be attributed to a decrease in revenues primarily due to the decrease in tax revenue of \$1,581,776 which was caused by a fluctuation in the amount of property taxes paid.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the School District modified its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, final budget basis was \$18,754,000, representing a \$237,166 increase from the original estimate of \$18,516,834. Most of this difference is due to an underestimation of property taxes and rent revenue.

Final appropriations of \$20,518,900 were \$406,063 over the original estimate of \$20,112,837, as expenditures for student support services increased throughout the year.

Capital Assets

At the end of fiscal year 2012, the School District had \$5,694,456 invested in land, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment and vehicles. Table 4 shows fiscal year 2012 balances compared with 2011.

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2012	2011
Land	\$ 112,325	\$ 101,246
Land Improvements	602,731	657,599
Buildings and Building Improvements	3,163,889	3,141,240
Improvements Other Than Buildings	160,529	186,534
Furniture and Fixtures	137,561	138,230
Machinery and Equipment	595,306	607,767
Vehicles	922,115	998,987
<i>Totals</i>	\$ 5,694,456	\$ 5,831,603

The \$137,147 decrease in capital assets was attributable to current year depreciation and disposals exceeding additional purchases. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2012, the School District had \$500,000 in debt outstanding, with \$58,175 due within one year. See Note 13 for additional details. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt at Year End

	Governmental Activities	
	2012	2011
School Energy Conservation Improvement Bonds	\$ 500,000	\$ 0

Current Issues

The Carrollton Exempted Village School District does not receive strong support from the residents of the School District in the form of local tax issues. The School District currently has an effective millage rate of 20 mills, which is the lowest allowed by law. The last operating levy passed by the residents was in November 1977. From 1997 to 1999, numerous bond issues and one permanent improvement levy were all voted down by approximately 60 percent. No attempts at the ballot have since been made.

Carrollton Exempted Village School District
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2012

The Carrollton Exempted Village School District does not anticipate any growth in State revenue. Steady declining enrollment over the past decade has caused the School District to be placed on funding guarantees. Although these guarantees protect against heavy State revenue loss, receiving this aid means that revenue was not increasing, while costs were increasing. In addition to the stagnant State revenue in recent years, in FY2010 and FY2011, State funding was made whole with federal stimulus dollars that is now gone and is not being filled by any revenue stream. The passage of SB5 would have helped the School District make up much of the stimulus loss by requiring employees to pay 15 percent of their health care premium. This legislation was defeated in November 2011. In the wake of this defeat, the District has experienced extreme reluctance to any significant increase in employee share of healthcare premiums.

With minimal support from the local taxpayers, no State funding increases, and no final resolution to the replacement of federal stimulus money that made State funding whole, revenues have not kept pace with expense increases. Planning to meet the growing costs of salaries and fringe benefits, caring for aged buildings, the need to keep an efficient bus fleet, along with providing new educational technology opportunities for students, has become a concern for the School District. All scenarios require management to plan carefully and prudently in order to provide all the resources required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Roxanne Mazur, Treasurer of Carrollton Exempted Village School District, 252 Third St. NE, Carrollton, Ohio 44615 or car_roxanne@omeresanet.net.

Carrollton Exempted Village School District

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 5,313,347
Cash and Cash Equivalents with Fiscal Agent	2,338,388
Materials and Supplies Inventory	50,904
Receivables:	
Accounts	12,543
Intergovernmental	280,514
Property Taxes	6,260,406
Nondepreciable Capital Assets	112,325
Depreciable Capital Assets (Net)	<u>5,582,131</u>
<i>Total Assets</i>	<u>19,950,558</u>
Liabilities	
Accounts Payable	6,626
Accrued Wages and Benefits	1,963,413
Contracts Payable	118,583
Intergovernmental Payable	519,169
Accrued Vacation Leave Payable	35,324
Claims Payable	271,368
Deferred Revenue	4,761,301
Long Term Liabilities:	
Due Within One Year	169,928
Due In More Than One Year	<u>1,763,003</u>
<i>Total Liabilities</i>	<u>9,608,715</u>
Net Assets	
Invested in Capital Assets	5,694,456
Restricted For:	
Other Purposes	25,284
Unrestricted	<u>4,622,103</u>
<i>Total Net Assets</i>	<u>\$ 10,341,843</u>

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 9,754,003	\$ 570,083	\$ 118,727	\$ (9,065,193)
Special	2,124,515	102,272	560,055	(1,462,188)
Vocational	285,752	0	38,877	(246,875)
Student Intervention Services	19,072	0	0	(19,072)
Other	348,976	0	29,915	(319,061)
Support Services:				
Pupils	1,481,448	0	330,967	(1,150,481)
Instructional Staff	959,453	0	353,532	(605,921)
Board of Education	23,708	0	0	(23,708)
Administration	1,686,303	0	36,280	(1,650,023)
Fiscal	648,684	0	0	(648,684)
Business	68,005	0	0	(68,005)
Operation and Maintenance of Plant	2,489,142	0	21,646	(2,467,496)
Pupil Transportation	1,789,443	7,638	0	(1,781,805)
Central	42,818	0	0	(42,818)
Operation of Non-Instructional Services:				
Food Service Operations	722,532	111,599	464,520	(146,413)
Community Services	65,882	40,322	6,572	(18,988)
Other	315	0	0	(315)
Extracurricular Activities	609,552	102,389	12,217	(494,946)
Total	\$ 23,119,603	\$ 934,303	\$ 1,973,308	(20,211,992)

General Revenues

Property Taxes Levied for General Purposes	5,839,918
Grants and Entitlements Not Restricted to Specific Programs	11,940,113
Investment Earnings	47,674
Miscellaneous	72,372
Total General Revenues	17,900,077
Change in Net Assets	(2,311,915)
Net Assets Beginning of Year	12,653,758
Net Assets End of Year	\$ 10,341,843

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District

*Balance Sheet
Governmental Funds
June 30, 2012*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,111,345	\$ 202,002	\$ 5,313,347
Materials and Supplies Inventory	50,904	0	50,904
Receivables:			
Accounts	12,088	455	12,543
Interfund	152,461	0	152,461
Intergovernmental	126,538	153,976	280,514
Property Taxes	<u>6,260,406</u>	<u>0</u>	<u>6,260,406</u>
<i>Total Assets</i>	<u><u>\$ 11,713,742</u></u>	<u><u>\$ 356,433</u></u>	<u><u>\$ 12,070,175</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 6,626	\$ 0	\$ 6,626
Accrued Wages and Benefits	1,765,556	197,857	1,963,413
Contracts Payable	118,583	0	118,583
Intergovernmental Payable	491,811	27,358	519,169
Interfund Payable	0	152,461	152,461
Deferred Revenue	<u>4,749,585</u>	<u>1,515</u>	<u>4,751,100</u>
<i>Total Liabilities</i>	<u>7,132,161</u>	<u>379,191</u>	<u>7,511,352</u>
Fund Balances			
Nonspendable	50,904	0	50,904
Restricted	0	40,746	40,746
Assigned	2,353,905	0	2,353,905
Unassigned	<u>2,176,772</u>	<u>(63,504)</u>	<u>2,113,268</u>
<i>Total Fund Balances</i>	<u>4,581,581</u>	<u>(22,758)</u>	<u>4,558,823</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 11,713,742</u></u>	<u><u>\$ 356,433</u></u>	<u><u>\$ 12,070,175</u></u>

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2012*

Total Governmental Fund Balances		\$	4,558,823
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,694,456
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property Taxes	\$	215,406	
Intergovernmental		113,094	
Total			328,500
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			1,728,319
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Energy Conservation Bonds		(500,000)	
Accrued Vacation Payable		(35,324)	
Compensated Absences		(1,432,931)	
Total			(1,968,255)
 <i>Net Assets of Governmental Activities</i>		 \$	 10,341,843

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 5,878,727	\$ 0	\$ 5,878,727
Intergovernmental	11,966,567	1,922,738	13,889,305
Investment Income	3,008	0	3,008
Tuition and Fees	633,345	0	633,345
Extracurricular Activities	40,873	101,840	142,713
Rentals	8,902	0	8,902
Charges for Services	3,338	110,084	113,422
Contributions and Donations	12,423	12,217	24,640
Miscellaneous	64,216	8,155	72,371
<i>Total Revenues</i>	<u>18,611,399</u>	<u>2,155,034</u>	<u>20,766,433</u>
Expenditures			
Current:			
Instruction:			
Regular	9,321,093	25,846	9,346,939
Special	1,358,937	667,682	2,026,619
Vocational	279,188	0	279,188
Student Intervention Services	19,072	0	19,072
Other	317,357	31,618	348,975
Support Services:			
Pupils	1,099,588	324,954	1,424,542
Instructional Staff	579,281	352,023	931,304
Board of Education	23,793	0	23,793
Administration	1,594,840	36,273	1,631,113
Fiscal	631,190	0	631,190
Business	55,150	0	55,150
Operation and Maintenance of Plant	2,389,756	22,374	2,412,130
Pupil Transportation	1,663,894	0	1,663,894
Central	42,818	0	42,818
Extracurricular Activities	446,237	115,398	561,635
Operation of Non-Instructional Services:			
Food Service Operations	0	689,878	689,878
Community Services	59,259	6,950	66,209
Capital Outlay	142,369	0	142,369
<i>Total Expenditures</i>	<u>20,023,822</u>	<u>2,272,996</u>	<u>22,296,818</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,412,423)</u>	<u>(117,962)</u>	<u>(1,530,385)</u>
Other Financing Sources (Uses)			
Proceeds of Energy Conservation Bonds	500,000	0	500,000
Transfers In	0	125,902	125,902
Transfers Out	(125,902)	0	(125,902)
<i>Total Other Financing Sources (Uses)</i>	<u>374,098</u>	<u>125,902</u>	<u>500,000</u>
<i>Net Change in Fund Balance</i>	(1,038,325)	7,940	(1,030,385)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>5,619,906</u>	<u>(30,698)</u>	<u>5,589,208</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 4,581,581</u>	<u>\$ (22,758)</u>	<u>\$ 4,558,823</u>

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds \$ (1,030,385)

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

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

Capital Asset Additions	\$ 326,096	
Current Year Depreciation	<u>(430,056)</u>	(103,960)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(33,187)

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

Property Taxes	(38,809)	
Intergovernmental	<u>75,308</u>	36,499

Debt proceeds issued in the governmental funds that increase long-term in the statement of net assets are not reported as revenues.

Energy Conservation Bonds		(500,000)
---------------------------	--	-----------

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

(595,698)

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

Compensated Absences	(73,605)	
Accrued Vacation Payable	<u>(11,579)</u>	<u>(85,184)</u>

Change in Net Assets of Governmental Activities

\$ (2,311,915)

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 5,610,000	\$ 6,250,000	\$ 5,846,127	\$ (403,873)
Intergovernmental	12,229,160	11,800,000	11,966,567	166,567
Investment Income	3,074	5,000	3,008	(1,992)
Tuition and Fees	643,631	632,000	629,810	(2,190)
Rentals	8,543	50,000	8,360	(41,640)
Charges for Services	3,411	0	3,338	3,338
Contributions and Donations	10,708	10,000	10,478	478
Miscellaneous	8,307	7,000	8,128	1,128
<i>Total Revenues</i>	<u>18,516,834</u>	<u>18,754,000</u>	<u>18,475,816</u>	<u>(278,184)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,112,116	9,095,497	9,210,656	(115,159)
Special	1,748,368	1,910,174	1,767,275	142,899
Vocational	263,969	262,853	266,824	(3,971)
Student Intervention Services	18,868	24,137	19,072	5,065
Other	312,961	290,150	316,345	(26,195)
Support Services:				
Pupils	1,066,729	1,150,675	1,078,265	72,410
Instructional Staff	570,614	466,439	576,785	(110,346)
Board of Education	28,201	18,595	28,506	(9,911)
Administration	1,528,818	1,560,038	1,545,351	14,687
Fiscal	626,557	663,302	633,333	29,969
Business	54,554	108,908	55,144	53,764
Operation and Maintenance of Plant	2,633,366	2,704,938	2,661,844	43,094
Pupil Transportation	1,633,827	1,749,731	1,651,496	98,235
Central	42,360	50,047	42,818	7,229
Extracurricular Activities	433,816	449,786	438,507	11,279
Operation of Non-Instructional Services:				
Community Services	14,181	6,787	14,334	(7,547)
Capital Outlay	23,532	6,843	23,786	(16,943)
<i>Total Expenditures</i>	<u>20,112,837</u>	<u>20,518,900</u>	<u>20,330,341</u>	<u>188,559</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,596,003)</u>	<u>(1,764,900)</u>	<u>(1,854,525)</u>	<u>(89,625)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	12,958	12,958
Energy Conservation Bonds Issued	0	500,000	500,000	0
Refund of Prior Year Expenditures	40,000	40,000	33,569	(6,431)
Advances In	537,166	991,328	516,995	(474,333)
Transfers In	0	92,914	0	(92,914)
Advances Out	(537,166)	(972,119)	(497,787)	474,332
Transfers Out	(155,000)	(218,816)	(125,902)	92,914
<i>Total Other Financing Sources (Uses)</i>	<u>(115,000)</u>	<u>433,307</u>	<u>439,833</u>	<u>6,526</u>
<i>Net Change in Fund Balance</i>	<u>(1,711,003)</u>	<u>(1,331,593)</u>	<u>(1,414,692)</u>	<u>(83,099)</u>
<i>Fund Balance Beginning of Year</i>	5,522,293	5,522,293	5,522,293	0
Prior Year Encumbrances Appropriated	388,099	388,099	388,099	0
<i>Fund Balance End of Year</i>	<u>\$ 4,199,389</u>	<u>\$ 4,578,799</u>	<u>\$ 4,495,700</u>	<u>\$ (83,099)</u>

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2012

	Governmental Activities - Internal Service Fund
	<u> </u>
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	\$ 2,338,388
	<u> </u>
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	271,368
Deferred Revenue	338,701
	<u> </u>
<i>Total Current Liabilities</i>	<u>610,069</u>
Net Assets	
Unrestricted	\$ 1,728,319
	<u> </u>

See accompanying notes and accountant's compilation report.

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

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenue	
Charges for Services	<u>\$ 3,765,540</u>
Operating Expenses	
Purchased Services	364,145
Claims	<u>4,041,759</u>
<i>Total Operating Expenses</i>	<u>4,405,904</u>
<i>Operating Income (Loss)</i>	<u>(640,364)</u>
Non-Operating Revenues (Expenses)	
Interest	<u>44,666</u>
<i>Change in Net Assets</i>	(595,698)
<i>Net Assets Beginning of Year</i>	<u>2,324,017</u>
<i>Net Assets End of Year</i>	<u><u>\$ 1,728,319</u></u>

See accompanying notes and accountant's compilation report.

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

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,775,105
Cash Paid for Goods and Services	(364,145)
Cash Paid for Claims	(3,969,187)
	(558,227)
<i>Net Cash Used For Operating Activities</i>	<i>(558,227)</i>
Cash Flows From Investing Activities	
Interest on Investments	44,666
	44,666
<i>Net Decrease in Cash and Cash Equivalents</i>	<i>(513,561)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>2,851,949</i>
	<i>2,851,949</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$ 2,338,388</i>
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating Loss	\$ (640,364)
Increase (Decrease) in Liabilities:	
Claims Payable	72,572
Deferred Revenue	9,565
	82,137
<i>Total Adjustments</i>	<i>82,137</i>
<i>Net Cash Used For Operating Activities</i>	<i>\$ (558,227)</i>

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 47,653	\$ 38,029
Accounts Receivable	<u>0</u>	<u>54</u>
<i>Total Assets</i>	<u>47,653</u>	<u><u>\$ 38,083</u></u>
Liabilities		
Due to Students	<u>0</u>	<u>\$ 38,083</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$ 38,083</u></u>
Net Assets		
Held in Trust for Scholarships	<u><u>\$ 47,653</u></u>	

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 21,153
Deductions	
Payments in Accordance with Trust Agreements	23,500
<i>Change in Net Assets</i>	(2,347)
<i>Net Assets Beginning of Year</i>	50,000
<i>Net Assets End of Year</i>	\$ 47,653

See accompanying notes and accountant's compilation report.

Carrollton Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1867 with the construction of a six room school house. The School District serves an area of approximately 297 square miles. It is located in Carroll County, and includes all of the Village of Carrollton. The School District is the 164th largest in the State of Ohio (among 611 school districts) in terms of enrollment. The School District currently operates seven instructional buildings, two administrative buildings and one bus garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Carrollton Exempted Village School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a jointly governed organization. This organization is presented in Note 16.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and its internal service funds provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District's accounting policies.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

The other governmental funds of the School District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription benefits.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total net assets.

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statement as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2012, investments were limited to STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$3,008, which includes \$1,037 assigned from other School District funds.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15 - 50 Years
Buildings and Building Improvements	10 - 45 Years
Improvements Other Than Buildings	5 - 50 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 10 Years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

K. Interfund Balances

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2012, none of the School District's net assets were restricted by enabling legislation. Net assets restricted for other purposes include instructional activities and grants.

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

N. Interfund Activity

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

O. Operating Revenues and Expenses

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

P. 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 2012.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Q. Estimates

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

Note 3 – Accountability

Fund balances at June 30, 2012 included the following individual fund deficits:

<i>Non-Major Special Revenue Funds:</i>	
Food Service	\$ 48,042
Title VI-B	4,533
Title I	6,257
HC Preschool	639
Title II A	4,033

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

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	\$ (1,038,325)
Net Adjustment for Revenue Accruals	473,041
Net Adjustment for Expenditure Accruals	(246,574)
Funds Budgeted Elsewhere **	(2,968)
Adjustment for Encumbrances	(599,866)
Budget Basis	\$ (1,414,692)

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Type Fund Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes uniform school supplies and public school support funds.

Note 5 - Deposits and Investments

State statute classifies monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the School District’s 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;

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

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 division (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;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2012, the School District and public depositories complied with the provisions of these statutes.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District’s deposits was \$5,389,008. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of June 30, 2012, \$2,750,148 of the School District’s bank balance of \$5,395,931 was exposed to custodial risk as discussed above, while \$2,645,783 was covered by Federal Deposit Insurance Corporation.

Investments

As of June 30, 2012, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 Months or Less</u>
STAROhio	<u>\$ 10,021</u>	<u>\$ 10,021</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to five years or less.

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

Credit Risk Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days and carries a rating of AAAM by Standard and Poor’s.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2012:

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 10,021	100.00%

Funds Held by Fiscal Agent

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$2,338,388. All benefit deposits are made to the consortium’s depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Note 6 - Property Taxes

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

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

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012 was \$1,622,400 in the general fund. The amount available as an advance at June 30, 2011, was \$1,589,800 in the general fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 First- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 288,710,740	89.55%	\$ 290,695,620	89.71%
Public Utility Personal	33,357,390	10.35%	33,357,390	10.29%
Tangible Personal Property	335,300	0.10%	0	0.00%
Total Assessed Values	\$ 322,403,430	100.00%	\$ 324,053,010	100.00%
 Tax rate per \$1,000 of assessed valuation	 <u>\$ 29.40</u>		 <u>\$ 29.40</u>	

Note 7 - Receivables

Receivables at June 30, 2012, consisted of taxes, accounts (rent, student fees and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Note 8 - Capital Assets

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

	Balance 06/30/2011	Additions	Deletions	Balance 06/30/2012
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 101,246	\$ 11,079	\$ 0	\$ 112,325
<i>Capital Assets being depreciated</i>				
Land Improvements	1,314,825	0	0	1,314,825
Buildings and Building Improvements	6,924,597	138,552	0	7,063,149
Improvements Other Than Buildings	280,062	0	(29,299)	250,763
Furniture and Fixtures	261,166	13,448	(2,250)	272,364
Machinery and Equipment	2,137,783	76,560	(48,254)	2,166,089
Vehicles	2,497,144	86,457	(341,709)	2,241,892
<i>Total Capital Assets Being Depreciated</i>	<u>13,415,577</u>	<u>315,017</u>	<u>(421,512)</u>	<u>13,309,082</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(657,226)	(54,868)	0	(712,094)
Buildings and Building Improvements	(3,783,357)	(115,903)	0	(3,899,260)
Improvements Other Than Buildings	(93,528)	(8,023)	11,317	(90,234)
Furniture and Fixtures	(122,936)	(14,117)	2,250	(134,803)
Machinery and Equipment	(1,530,016)	(89,021)	48,254	(1,570,783)
Vehicles	(1,498,157)	(148,124)	326,504	(1,319,777)
<i>Total Accumulated Depreciation</i>	<u>(7,685,220)</u>	<u>(430,056) *</u>	<u>388,325</u>	<u>(7,726,951)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>5,730,357</u>	<u>(115,039)</u>	<u>(33,187)</u>	<u>5,582,131</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 5,831,603</u>	<u>\$ (103,960)</u>	<u>\$ (33,187)</u>	<u>\$ 5,694,456</u>

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 73,933
Special	12,984
Vocational	99
Support Services:	
Pupils	9,951
Instructional Staff	4,145
Administration	633
Fiscal	1,942
Business	11,093
Operation and Maintenance of Plant	94,274
Pupil Transportation	155,421
Operation of Non-Instructional Services:	
Food Service Operations	5,478
Community Services	1,571
Extracurricular Activities	58,532
<i>Total Depreciation</i>	\$ 430,056

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2012, the School District contracted with the Schools of Ohio Risk Sharing Authority for property and liability insurance coverage as follows:

Coverage	Amount
General Liability:	
Occurrence	\$ 2,000,000
Aggregate	4,000,000
Buildings and Contents	36,429,905
Steam Boiler	50,000,000
Automobile Liability	2,000,000
Excess Liability	10,000,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

B. Employee Medical Benefits

Medical, surgical and dental insurance is offered to all employees through a self insurance internal service fund. The School District is a member of the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$271,368 reported in the internal service fund at June 30, 2012, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2012 and 2011 are as follows:

		<u>Balance</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claims</u> <u>Payments</u>		<u>Balance</u> <u>End of Year</u>
2011	\$	122,166	\$	3,204,786	\$	3,128,156	\$	198,796
2012	\$	198,796	\$	4,041,759	\$	3,969,187	\$	271,368

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and .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 statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$376,922, \$308,745 and \$378,309, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

A DB or Combined Plan member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,132,478, \$1,171,783 and \$1,116,808, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$19,566 made by the School District and \$13,976 made by the plan members.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 plan 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 Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. 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 SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 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 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$16,323, \$37,384, and \$13,617, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$22,259, \$19,868, and \$22,497, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

B. State Teachers Retirement System

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$87,114, \$90,137, and \$85,908, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 240 days for nine, 10 and 11 month classified employees; 260 for 12 month classified employees; and 240 days for certified employees. Upon retirement, payment is made for 30 percent of total sick leave accumulated; to a maximum of 60 days for classified employees, to a maximum of 60 days for certificated employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through OME-RESA Health Plan Insurance. The Board pays the cost of the monthly premium, \$5.00 per employee.

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2012 were as follows:

	Principal Outstanding 06/30/2011	Additions	Deductions	Principal Outstanding 06/30/2012	Amounts Due Within One Year
<i>Governmental Activities</i>					
School Energy Conservation Improvement Bond	\$ 0	\$ 500,000	\$ 0	\$ 500,000	\$ 58,175
Compensated Absences	<u>1,359,326</u>	<u>125,681</u>	<u>(52,076)</u>	<u>1,432,931</u>	<u>111,753</u>
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 1,359,326</u>	<u>\$ 625,681</u>	<u>\$ (52,076)</u>	<u>\$ 1,932,931</u>	<u>\$ 169,928</u>

During fiscal year 2012, the School District entered into a loan for a House Bill 264 project that consisted of various repairs and upgrades to the school buildings in order to become more energy efficient. The total amount financed for the project was \$500,000. The interest rate on the bonds is 2.02 percent and the maturity date is June 14, 2020. The bonds will be paid from property tax revenue in the general fund.

Compensated absences will be paid from the general and food service funds.

Principal and interest requirements to retire the School Energy Conservation Improvement Bonds outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	H.B. 264 Loan	
	Principal	Interest
2013	\$ 58,175	\$ 9,563
2014	59,361	8,377
2015	60,571	7,167
2016	61,806	5,932
2017	63,066	4,672
2018-2020	<u>197,021</u>	<u>6,194</u>
	<u>\$ 500,000</u>	<u>\$ 41,905</u>

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Note 14 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:			
Materials and Supplies Inventory	\$ 50,904	\$ 0	\$ 50,904
Restricted for:			
Other Purposes	0	40,746	40,746
Assigned for:			
Encumbrances:			
Instruction	305,787	0	305,787
Support Services	171,608	0	171,608
Subsequent Year Appropriations	1,876,510	0	1,876,510
Total Assigned	<u>2,353,905</u>	<u>0</u>	<u>2,353,905</u>
Unassigned	2,176,772	(63,504)	2,113,268
<i>Total Fund Balance (Deficit)</i>	<u><u>\$ 4,581,581</u></u>	<u><u>\$ (22,758)</u></u>	<u><u>\$ 4,558,823</u></u>

Note 15 – Interfund Activity

A. Interfund Balances

As of June 30, 2012, receivables and payables that resulted from cash advances from the general fund to other funds were as follows:

Fund:	<u>Receivable</u>	<u>Payable</u>
General	\$ 152,461	\$ 0
Other Governmental:		
Title VI-B	0	67,415
Title I	0	65,405
HC Preschool	0	3,395
Title II-A	0	16,246
Totals	<u><u>\$ 152,461</u></u>	<u><u>\$ 152,461</u></u>

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2012 are reported on the Statement of Net Assets.

B. Interfund Transfers

During the fiscal year, the general fund transferred \$125,902 to the food service fund to provide additional resources for current operations.

Note 16 - Jointly Governed Organization

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Don Donahue, who serves as Treasurer, Steubenville, Ohio 43952. The School District made contributions of \$66,963 for fiscal year 2012.

Note 17 - Set-Asides

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

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2011	\$ 0
Current Year Set-aside Requirement	417,175
Current Year Qualifying Disbursements	(418,308)
Totals	\$ (1,133)
Balance Carried Forward to Fiscal Year 2013	\$ 0
Set-aside Restricted Balance as of June 30, 2012	\$ 0

Carrollton Exempted Village School District
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2012

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. Therefore, the negative amount is not presented as being carried forward to future years.

Note 18 – Contingencies

A. Review of Statewide Attendance Data

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

B. Grants

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

C. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's, have a material effect of the basic financial statements.

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2012**

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Entity No.	Federal CFDA No.	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non Cash Assistance: National School Lunch Program			\$7,755	\$7,755
Cash Assistance: National School Lunch Program	2012	10.555	337,216	337,216
National School Breakfast Program	2012	10.553	108,871	108,871
Cash Assistance Subtotal			<u>446,087</u>	<u>446,087</u>
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			453,842	453,842
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I - Grants to Local Educational Agencies (ESEA Title I) ARRA	C1-S1-2011 C1-S1-2012	84.010 84.389	46,904 680,838 <u>55,535</u>	49,689 680,838 <u>55,535</u>
Total Title I - Grants to Local Education Agencies			783,277	786,062
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF-2011 6B-SF-2012	84.027	53,945 439,027	53,945 439,027
Preschool Grant	PG-S1-11 PG-S1-12	84.173	2,875 <u>22,639</u>	2,875 <u>22,639</u>
Total Special Education Cluster			518,486	518,486
ARRA Resident Educator Program		84.395	1,750	1,750
Title II-A Improving Teacher Quality Program	TR-S1-2011 TR-S1-2012	84.367	12,411 <u>123,343</u>	12,411 <u>123,343</u>
Total Title II-A Improving Teacher Quality Program			135,754	135,754
Education Technology State Grants Title II-D	TJ-S1-2012	84.318	4,966	4,966
Education Jobs		84.410	<u>16,182</u>	<u>16,182</u>
Total Department of Education			<u>1,444,233</u>	<u>1,463,200</u>
Total Federal Awards			<u><u>\$1,898,075</u></u>	<u><u>\$1,917,042</u></u>

See the notes to the Federal Awards Receipts and Expenditures Schedule.

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE
JUNE 30, 2012**

A. SIGNIFICANT ACCOUNTING POLICIES

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

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.

C. FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities. At June 30, 2012, the District had no significant food commodities in inventory.



Dave Yost • Auditor of State

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

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 4, 2013.

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

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

Dave Yost
Auditor of State

January 4, 2013



Dave Yost • Auditor of State

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

Carrollton Exempted Village School District
Carroll County
252 3rd Street NE
Carrollton, Ohio 44615

To the Board of Education:

Compliance

We have audited the compliance of Carrollton Exempted Village School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Carrollton Exempted Village School District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

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



Dave Yost
Auditor of State

January 4, 2013

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster 10.553 and 10.555 Title II A Improving Teacher Quality 84.367
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3.FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

CARROLL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2013**