



Dave Yost • Auditor of State

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances-Governmental Funds	13
Statement of Cash Basis Receipts, Disbursements, and Changes In Fund Balances – Governmental Funds	14
Statement of Receipts, Disbursements and Changes In Fund Balance (Budgetary Basis) – General Fund.....	15
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position – Cash Basis – Fiduciary Fund.....	17
Notes to the Basic Financial Statements	19
Federal Awards Receipts and Expenditures Schedule.....	41
Notes to the Federal Awards Receipts and Expenditures Schedule	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance with <i>OMB Circular A-133</i>	45
Schedule of Findings.....	47
Schedule of Prior Audit Findings.....	49

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Montpelier Exempted Village School District
Williams County
1015 East Brown Street
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2014

This page intentionally left blank.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The discussion and analysis of the financial performance of Montpelier Exempted Village School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

In total, net position increased \$844,951.

General revenues accounted for \$9,637,282, or 85 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,746,962, or 15 percent of total revenues of \$11,384,244.

The District's major funds included the General Fund and the Bond Retirement Fund. The General Fund had \$9,432,785 in revenues and other financing sources and \$8,557,057 in expenditures and other financing uses. The General Fund's balance increased \$875,728 from the prior fiscal year. The Bond Retirement Fund had \$361,677 in revenues and \$365,103 in expenditures. The Bond Retirement Fund's balance decreased \$3,426 from the prior fiscal year.

Using the Basic Financial Statements

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 District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund and the Bond Retirement Fund are the two major funds.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities, both reported on the cash basis, reflect how the District performed financially during fiscal year 2014. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

These statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the District, as a whole, has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

In the cash basis statement of net position and the statement of activities, the District discloses a single type of activity, its governmental activities which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Bond Retirement Fund. While the District uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013.

Table 1 Net Position Governmental Activities		
	2014	2013
<u>Assets:</u>		
Current and Other Assets	\$2,708,270	\$1,863,319
Total Assets	2,708,270	1,863,319
<u>Net Position:</u>		
Restricted	1,230,826	1,260,828
Unrestricted	1,477,444	602,491
Total	\$2,708,270	\$1,863,319

The increase in current assets was primarily attributed to the increase in state aid and income tax revenues. The District began collection of an additional .5 percent of income tax in calendar year 2013. The District was capped at a 6.25 percent increase in state aid for fiscal year 2014.

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

**Table 2
Change in Net Position
Governmental Activities**

	2014	2013
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$909,962	\$765,945
Operating Grants and Contributions	837,000	843,818
Total Program Revenues	<u>1,746,962</u>	<u>1,609,763</u>
General Revenues:		
Property Taxes	2,384,322	2,477,279
Income Taxes	1,134,376	751,716
Grants and Entitlements	5,865,062	5,556,971
Investment Earnings	6,511	4,190
Gifts and Donations	57,235	97,652
Miscellaneous	167,096	78,864
Refunding Bonds Issued		3,539,997
Premium on Refunding Bonds Issued		297,855
Refund of Prior Year Expenditures	22,680	2,605
Total General Revenues	<u>9,637,282</u>	<u>12,807,129</u>
Total Revenues	<u>11,384,244</u>	<u>14,416,892</u>
Expenses:		
Instruction	5,442,819	5,416,517
Support Services:		
Pupils	547,277	476,212
Instructional Staff	326,509	162,274
Board of Education	22,606	20,996
Administration	740,422	755,767
Fiscal	250,704	243,101
Business	87	
Operation and Maintenance of Plant	1,074,644	914,931
Pupil Transportation	405,500	447,299
Central	116,610	288,970
Non-Instructional	465,422	511,273
Extracurricular Activities	478,911	522,503
Capital Outlay	167,573	272,898
Debt Service:		
Principal	395,000	3,910,000
Issuance Costs		48,421
Advance Refunding Escrow		249,431
Interest and Fiscal Charges	72,163	62,533
Refund of Prior Year Receipts	33,046	702
Total Expenses	<u>10,539,293</u>	<u>14,303,828</u>
Increase in Net Position	<u>\$844,951</u>	<u>\$113,064</u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Program receipts account for 15 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 52 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 12 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 10 percent. The remaining 26 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Overall revenues decreased \$3,032,648 (21 percent) and overall expenditures decreased \$3,764,535 (26 percent) primarily due a refunding bond issuance in 2013.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Instruction	\$5,442,819	\$4,327,516	\$5,416,517	\$4,492,532
Support Services:				
Pupils	547,277	547,277	476,212	472,483
Instructional Staff	326,509	326,509	162,274	133,767
Board of Education	22,606	22,606	20,996	20,996
Administration	740,422	673,967	755,767	694,043
Fiscal	250,704	250,704	243,101	243,101
Business	87	87		
Operation and Maintenance of Plant	1,074,644	1,008,246	914,931	914,931
Pupil Transportation	405,500	405,500	447,299	447,299
Central	116,610	113,010	288,970	285,370
Non-Instructional	465,422	82,619	511,273	42,330
Extracurricular Activities	478,911	366,508	522,503	403,228
Capital Outlay	167,573	167,573	272,898	272,898
Principal	395,000	395,000	3,910,000	3,910,000
Issuance Costs			48,421	48,421
Advance Refunding Escrow			249,431	249,431
Interest and Fiscal Charges	72,163	72,163	62,533	62,533
Refund of Prior Year Receipts	33,046	33,046	702	702
Total Expenses	<u>\$10,539,293</u>	<u>\$8,792,331</u>	<u>\$14,303,828</u>	<u>\$12,694,065</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 79 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 83 percent. The remaining 17 percent is derived from tuition and fees, specific grants, and donations.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General Fund and the Bond Retirement Fund. Total governmental funds had revenues and other financing sources of \$11,484,757 and expenditures and other financing uses of \$10,639,806. The net change in fund balance in the General Fund reflects an increase of \$875,728 (145 percent). This was primarily due to an increase of \$382,660 in income tax revenue and an increase of \$505,056 in intergovernmental revenue. The net change in fund balance in the Bond Retirement fund decreased \$3,426 (less than 1 percent).

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2014, the District amended its General Fund budget as needed.

Final budgeted revenues and other financing sources exceeded original budgeted estimated revenues and other financing sources by \$2,155,073 (31.9 percent). The variance was primarily due to a "worst case scenario" approach. The District initially estimated revenues at approximately 80 percent of prior year actual amounts prior to obtaining finalized funding amounts later in the year. Actual revenues and other financing sources exceeded final estimated revenues and other financing sources by \$465,699 (5.2 percent).

Final budgeted expenditures and other financing uses exceeded original budgeted expenditures and other financing uses by \$60. Final budgeted expenditures and other uses exceeded actual expenditures and other financing uses by \$740,079 (7.8 percent). The variance is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$167,573 during fiscal year 2014.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2014, the District has \$3,630,037 in school improvement and classroom facilities refunding bonds. There is one bond series remaining with a final maturity of December 1, 2025. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2014, the District's overall legal debt margin was \$3,989,840, with an un-voted debt margin of \$84,665.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is holding its own in the state of the current economy and uncertainty in State funding. Montpelier is a small rural community of approximately 4,000 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The District derives its funds approximately 44 percent of District revenue sources is from local funds, 50 percent is from state funds, and the remaining 6 percent is from federal funds. The total expenditure per pupil was calculated at \$9,367.

In August 1999, the District passed a .75 percent income tax levy to generate \$600,000 annually. This levy provides a source of funds for the financial operations and stability of the District. It had seen significant decrease during fiscal year 2011 due to high unemployment within the region, but has since began to rebound. In March 2012, the District passed a 1.25 percent replacement earned income tax. This tax, which began collection in January 2013, is expected to generate \$965,000 annually. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

The District completed a shift of inside millage to the permanent improvement fund from the general fund beginning with property tax collections in January 2010. The District will use these funds for allowable expenses for permanent improvements funds under Ohio Revised Code.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Abby Sharp, Treasurer, Montpelier Exempted Village School District, 1015 East Brown Street, P.O. Box 193, Montpelier, Ohio 43543-0193.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u><u>2,708,270</u></u>
Net Position:	
Restricted for Debt Service	692,092
Restricted for Capital Outlay	85,832
Restricted for Other Purposes	452,902
Unrestricted	1,477,444
<i>Total Net Position</i>	\$ <u><u>2,708,270</u></u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 3,559,538	\$ 451,438	\$ 66,154	\$ (3,041,946)
Special	1,264,619		413,665	(850,954)
Vocational	11,405	184,046		172,641
Student Intervention Services	2,124			(2,124)
Other	605,133			(605,133)
Support Services:				
Pupils	547,277			(547,277)
Instructional Staff	326,509			(326,509)
Board of Education	22,606			(22,606)
Administration	740,422		66,455	(673,967)
Fiscal	250,704			(250,704)
Business	87			(87)
Operation and Maintenance of Plant	1,074,644		66,398	(1,008,246)
Pupil Transportation	405,500			(405,500)
Central	116,610		3,600	(113,010)
Operation of Non-Instructional Services	465,422	162,075	220,728	(82,619)
Extracurricular Activities	478,911	112,403		(366,508)
Capital Outlay	167,573			(167,573)
Debt Service:				
Principal	395,000			(395,000)
Interest and Fiscal Charges	72,163			(72,163)
Refund of Prior Year Receipts	33,046			(33,046)
Totals	\$ 10,539,293	\$ 909,962	\$ 837,000	(8,792,331)

General Receipts:

Taxes:	
Property Taxes, Levied for General Purposes	1,759,136
Property Taxes, Levied for Capital Outlay	295,445
Property Taxes, Levied for Debt Service	295,444
Property Taxes, Levied for Other	34,297
Income Taxes	1,134,376
Grants and Entitlements not Restricted to Specific Programs	5,865,062
Gifts and Donations	57,235
Investment Earnings	6,511
Miscellaneous	167,096
Refund of Prior Year Expenditures	22,680
Total General Receipts	9,637,282
Change in Net Position	844,951
Net Position Beginning of Year	1,863,319
Net Position End of Year	\$ 2,708,270

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,478,219</u>	\$ <u>692,092</u>	\$ <u>537,959</u>	\$ <u>2,708,270</u>
 Fund Balances:				
Restricted		\$ 692,092	\$ 452,127	\$ 1,144,219
Committed			85,832	85,832
Assigned	\$ 261,974			261,974
Unassigned	<u>1,216,245</u>			<u>1,216,245</u>
<i>Total Fund Balances</i>	\$ <u>1,478,219</u>	\$ <u>692,092</u>	\$ <u>537,959</u>	\$ <u>2,708,270</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
Receipts:				
Property and Other Local Taxes	\$ 1,759,136	\$ 295,444	\$ 329,742	\$ 2,384,322
Income Tax	1,134,376			1,134,376
Intergovernmental	5,900,005	66,233	919,870	6,886,108
Interest	5,910		601	6,511
Tuition and Fees	429,907			429,907
Rent	886			886
Extracurricular Activities	29,083		83,320	112,403
Gifts and Donations	8,903		48,332	57,235
Customer Sales and Services	20,645		162,075	182,720
Miscellaneous	122,222		44,874	167,096
<i>Total Receipts</i>	9,411,073	361,677	1,588,814	11,361,564
Disbursements:				
Current:				
Instruction:				
Regular	3,393,201		166,337	3,559,538
Special	849,771		414,848	1,264,619
Vocational	11,405			11,405
Student Intervention Services	2,124			2,124
Other	605,133			605,133
Support Services:				
Pupils	547,277			547,277
Instructional Staff	325,254		1,255	326,509
Board of Education	22,606			22,606
Administration	673,967		66,455	740,422
Fiscal	237,962	6,020	6,722	250,704
Business	87			87
Operation and Maintenance of Plant	917,046		157,598	1,074,644
Pupil Transportation	405,500			405,500
Central	107,360		9,250	116,610
Operation of Non-Instructional Services	12,604		452,818	465,422
Extracurricular Activities	313,783		165,128	478,911
Capital Outlay			167,573	167,573
Debt Service:				
Principal		295,000	100,000	395,000
Interest		64,083	8,080	72,163
<i>Total Disbursements</i>	8,425,080	365,103	1,716,064	10,506,247
<i>Excess of Receipts Over (Under) Disbursements</i>	985,993	(3,426)	(127,250)	855,317
Other Financing Sources and Uses:				
Transfers In			513	513
Advances In			100,000	100,000
Refund of Prior Year Expenditures	21,712		968	22,680
Transfers Out	(513)			(513)
Advances Out	(100,000)			(100,000)
Refund of Prior Year Receipts	(31,464)		(1,582)	(33,046)
<i>Total Other Financing Sources and Uses</i>	(110,265)		99,899	(10,366)
<i>Net Change in Fund Balances</i>	875,728	(3,426)	(27,351)	844,951
Fund Balances at Beginning of Year	602,491	695,518	565,310	1,863,319
<i>Fund Balance at End of Year</i>	\$ 1,478,219	\$ 692,092	\$ 537,959	\$ 2,708,270

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 1,450,608	\$ 1,734,370	\$ 1,759,136	\$ 24,766
Income Tax	601,373	991,552	1,134,376	142,824
Intergovernmental	4,315,959	5,784,151	5,900,005	115,854
Interest	2,845	3,176	5,910	2,734
Tuition and Fees	345,589	334,000	429,907	95,907
Rent	379	500	886	386
Extracurricular	96	160	160	
Gifts and Donations	16,514	7,000	3,705	(3,295)
Customer Sales and Services	14,801	46,000	15,821	(30,179)
Miscellaneous	12,114	6,000	112,265	106,265
<i>Total Receipts</i>	<u>6,760,278</u>	<u>8,906,909</u>	<u>9,362,171</u>	<u>455,262</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,481,433	3,473,093	3,414,877	58,216
Special	1,058,000	1,056,719	851,592	205,127
Vocational	13,000	12,481	11,405	1,076
Adult/Continuing	5,000	5,000		5,000
Student Intervention Services	12,000	11,923	2,124	9,799
Other	700,000	696,893	621,020	75,873
Support Services:				
Pupils	564,000	563,577	548,079	15,498
Instructional Staff	345,000	343,572	336,099	7,473
Board of Education	27,000	26,345	22,606	3,739
Administration	812,000	809,312	679,641	129,671
Fiscal	265,000	264,796	238,947	25,849
Business		100	87	13
Operation and Maintenance of Plant	1,080,000	1,079,292	1,037,279	42,013
Pupil Transportation	475,000	473,691	444,706	28,985
Central	265,000	161,113	69,528	91,585
Operation of Non-Instructional Services	3,750	3,750	3,499	251
Extracurricular Activities	345,000	341,122	317,436	23,686
Capital Outlay	17,500	17,500	2,256	15,244
<i>Total Disbursements</i>	<u>9,468,683</u>	<u>9,340,279</u>	<u>8,601,181</u>	<u>739,098</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,708,405)</u>	<u>(433,370)</u>	<u>760,990</u>	<u>1,194,360</u>
Other Financing Sources and Uses:				
Transfers In		10,000		(10,000)
Refund of Prior Year Expenditures	2,058	500	20,937	20,437
Transfers Out		(5,000)	(4,019)	981
Advances Out	(8,000)	(100,000)	(100,000)	
Refund of Prior Year Receipts		(31,464)	(31,464)	
<i>Total Other Financing Sources and Uses</i>	<u>(5,942)</u>	<u>(125,964)</u>	<u>(114,546)</u>	<u>11,418</u>
<i>Net Change in Fund Balance</i>	<u>(2,714,347)</u>	<u>(559,334)</u>	<u>646,444</u>	<u>1,205,778</u>
Fund Balance at Beginning of Year	435,700	435,700	435,700	
Prior Year Encumbrances Appropriated	134,098	134,098	134,098	
<i>Fund Balance at End of Year</i>	<u>\$ (2,144,549)</u>	<u>\$ 10,464</u>	<u>\$ 1,216,242</u>	<u>\$ 1,205,778</u>

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>60,532</u>	\$ <u>15,323</u>
Liabilities:		
Current Liabilities:		
Undistributed Monies		\$ <u>15,323</u>
Net Position:		
Held in Trust for Scholarships	\$ <u>60,532</u>	

See Accompanying Notes to the Basic Financial Statements

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

		<u>Private Purpose Trust</u>
Additions:		
Investment Earnings	\$	620
Gifts and Contributions		<u>1,950</u>
<i>Total Additions</i>		<u>2,570</u>
 Deductions:		
Payments in Accordance with Trust Agreements		<u>2,264</u>
 <i>Change in Net Position</i>		 306
Net Position Beginning of Year		<u>60,226</u>
<i>Net Position End of Year</i>	\$	<u><u>60,532</u></u>

See Accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Montpelier Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Montpelier Exempted Village School District is an exempted school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's four instructional/support facilities staffed by 52 non-certified personnel and 73 certified full-time teaching personnel who provide services to 1,007 students and other community members.

The Reporting Entity

A. Primary Government

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

B. Component Units

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

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with seven organizations, which are defined as jointly governed organizations, a related organization, and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Health Plan Employee Insurance Benefits Program, the Northern Buckeye Health Plan Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Montpelier Public Library. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

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

The statement of net position presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain 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 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. Fiduciary funds are reported by type.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

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

1. Governmental Funds:

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

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

2. Fiduciary Funds

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

C. Basis of Accounting

Although the Ohio Administrative Code § 117-2-03(B) requires that the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund function and object for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below these levels are made by the District's Chief Fiscal Officer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Chief Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations.

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Cash and Investments

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2014, investments were limited to negotiable and nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, and money market mutual funds. Investments are reported at cost, except for the money market mutual funds. The District's money market mutual funds are recorded at the amounts reported by Morgan Stanley and Huntington Funds at June 30, 2014.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$5,910, which includes \$2,778 assigned from other District funds.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Net Position

Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available. There were no amounts restricted by enabling legislation.

M. Fund Balance

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

Nonspendable - The nonspendable classification 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" includes items that are not expected to be converted to cash.

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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

The District first applies restricted resources when an expenditure is 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 can be used.

3. CHANGE IN ACCOUNTING PRINCIPLE

For 2014, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 67, "Financial Reporting of Pension Plans" and Governmental Accounting Standard Board (GASB) Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees."

GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50, *Pension Disclosures* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations.

A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. Because no value is exchanged, the transaction is not often recorded on the financial statements of the government. However, GASB 70 now defines circumstances that require the government to recognize a liability. The statement addresses the guarantee of an obligation by the government entity with a legally separate entity or individual, including another government, a not-for profit organization, a private entity or blended or discretely presented component unit.

These changes were incorporated in the District's fiscal year 2014 financial statements, however, there was no effect on beginning net position/fund balance.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) and certain funds included in the General fund as part of the GASB 54 requirements are not included in the budgetary statement.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budget basis statements for the General fund:

Net Change in Fund Balance	General Fund
Cash Basis	\$875,728
Outstanding Encumbrances	(223,483)
Perspective Difference:	
Activity of Funds Reclassified for	(5,801)
Cash Reporting Purposes	
Budgetary Basis	\$646,444

5. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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 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 held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security 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 to 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if trading requirements have been met.

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

At year end, the District had \$75 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2014, the District had the following investments.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

	Balance at Fair Value	Less Than 12 Months	13 to 24 Months	25 to 36 Months	37 to 48 Months
Federal National Mortgage Association Notes (FNMA)	\$252,757	\$252,757			
Negotiable Certificates of Deposit	498,371		\$200,000	\$198,371	\$100,000
Money Market Mutual Funds	85,032	85,032			
Total Investments	\$836,160	\$337,789	\$200,000	\$198,371	\$100,000

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The Federal National Mortgage Association Notes and Money Market Mutual Funds carry the highest ratings Aaa by Moody’s and AAAM by Standard and Poor’s. Ohio law requires that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The District has no investments policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law limits repurchase agreements to US Treasury bills, bonds, notes or any other obligation or security issued by the US Treasury or any other obligation guaranteed as to principal and interest by the US and bonds, notes, debentures, or any other obligation or security issued by a federal government agency.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes and negotiable certificates of deposits are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the District’s name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers’ acceptances to 25 percent of the interim monies available for investment at any one time. The District’s investment in Federal National Mortgage Association Notes and Negotiable Certificates of Deposit represent 33 and 66 percent, respectively, of the District’s total investments.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes for 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2014 were levied after April 1, 2013, on the assessed values as of December 31, 2012, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$65,700,110	78%	\$65,879,620	78%
Industrial/Commercial	16,572,140	20%	16,750,410	20%
Public Utility	1,816,220	2%	2,035,270	2%
Total Assessed Value	<u>\$84,088,470</u>	<u>100%</u>	<u>\$84,665,300</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$61.55		\$61.55	

7. INCOME TAX

In March 2012, the voters of the District passed a 1.25 percent school income tax on wages earned by residents of the District. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance at 6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2014</u>
Governmental Activities				
Land	\$240,506			\$240,506
Land Improvements	824,205			824,205
Buildings and Building Improvements	27,177,629	\$119,908		27,297,537
Furniture, Fixtures, and Equipment	1,560,756	46,506	\$34,818	1,572,444
Vehicles	798,253	60,775		859,028
Total Capital Assets	<u>\$30,601,349</u>	<u>\$227,189</u>	<u>\$34,818</u>	<u>\$30,793,720</u>

9. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with the Ohio School Plan for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

The District joined together with other school districts in Ohio to participate in the Ohio School Plan (the Plan), a public entity insurance purchasing pool (Note 16). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage and deductibles that it selected by the participant.

Settled claims have not exceeded the commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverages from last year.

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of the Optimal Health Initiative (OHI) Consortium, a self insurance pool, for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Health Plan (NBHP), Northern Division of Optimal Health Initiative (OHI) Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 16). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. The Executive Director of the NBHP coordinates the management and administration of the program.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

9. RISK MANAGEMENT (Continued)

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

10. DEFINED PENSION BENEFIT PLANS

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on the 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 District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate amount four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's required contributions for SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$210,251, \$174,225, and \$172,467 respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

10. DEFINED PENSION BENEFIT PLANS (Continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$486,731, \$510,364, and \$546,503 respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014 one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

11. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Medicare Part B Plan - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 was \$12,198, \$9,841, and \$10,185, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. 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. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$21,998, \$6,637, and \$23,990 respectively; 9 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

11. POSTEMPLOYMENT BENEFITS – (Continued)

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit resources.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$37,441, \$39,259, and \$42,039 respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

12. COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or inquiry or, within certain limitations, be paid to the employee upon retirement. The actual amount of severance pay payable to a retiring employee shall be determined by multiplying .25 by the accumulated sick days, thereby determining days credit to be applied to the per diem rate. The maximum days credited shall be 65 days for certified staff. The actual amount of severance pay payable to a retiring non-certified employee shall be determined by multiplying .25 by the total number of accumulated sick leave days, not to exceed 260. The maximum days credited shall be 59 days for non-certified staff.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

13. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2014 were as follows:

	<u>Balance at 06/30/2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/2014</u>	<u>Amount Due In one Year</u>
School Improvement Bonds					
2003 Series					
Capital Appreciation Bonds	\$227,113	\$12,887	\$240,000		
Classroom Facilities Refunding Bonds, 2012 Series					
Serial Bonds	3,230,000		55,000	\$3,175,000	
Capital Appreciation Bonds	367,517	87,520		455,037	\$249,924
Total Long-Term Obligations	<u>\$3,824,630</u>	<u>\$100,407</u>	<u>\$295,000</u>	<u>\$3,630,037</u>	<u>\$249,924</u>

The School Improvement Bond issue was entered into in March 2003 for the amount of \$5,545,000. The bonds were issued for the construction of a new school building and renovation of other buildings. The bond issue included serial and capital appreciation bonds of \$5,340,000 and \$204,996, respectively, and had interest rates ranging from 1.5 to 4.4 percent. On August 15, 2012, the remaining \$3,450,000 face value of the serial bonds was refunded through the issuance of new bonds. This bond issue was retired in fiscal year 2014 with a voted property tax levy from the Bond Retirement Debt Service Fund.

The Classroom Facilities Refunding Bond issue was entered into in August 2012 for the amount of \$3,539,997. The bonds were issued to refund the School Improvement Bonds, Series 2003 issue. The bond issue included serial and capital appreciation bonds of \$3,260,000 and \$279,997, respectively, and had interest rates ranging from 1.0 to 2.4 percent. The bonds will be retired with a voted property tax levy from the Bond Retirement Debt Service Fund.

The serial bonds bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$295,000	1.500%
2017	295,000	1.500%
2018	300,000	2.000%
2019	305,000	2.000%
2020	310,000	2.000%
2021	320,000	2.000%
2022	325,000	2.000%
2023	335,000	2.250%
2024	340,000	2.300%
2025	350,000	2.400%

The 2012 capital appreciation bonds were issued in the aggregate original principal amount of \$279,997 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

13. LONG-TERM OBLIGATIONS (Continued)

<u>Maturity Date (December 1)</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2014	\$159,772	\$295,000
2015	120,225	290,000

The annual accretion of interest of \$87,520 is based on a straight-line method. Total accreted interest of \$175,040 has been included in the value. Capital Appreciation Bonds are not subject to redemption prior to maturity.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$249,924	\$108,884	\$358,808
2016	205,113	148,695	353,808
2017	295,000	61,595	356,595
2018	295,000	57,170	352,170
2019	300,000	51,957	351,957
2020-2024	1,595,000	166,119	1,761,119
2025-2026	690,000	16,510	706,510
Total	<u>\$3,630,037</u>	<u>\$610,930</u>	<u>\$4,240,967</u>

Total expenditures for interest for the above debt for the period ending June 30, 2014 was \$64,083.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Current Year Set-aside Requirement	\$174,186
Current Year Offsets	(445,509)
Total	<u>(\$271,323)</u>
Cash Balance Carried Forward to FY 2015	<u> </u>
Total Restricted Cash Assets	<u> </u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

15. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. All payments made by the District for services received are made to the Northern Buckeye Education Council. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during fiscal year 2014 were \$106,327. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

16. GROUP PURCHASING POOLS

A. Employee Insurance Benefits Program

The District participates in a group health insurance pool through the Northern Buckeye Health Plan, Northwest Division of OHI, a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. The District contributed a total of \$1,057,958 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

B. Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan, Northwest Division of OHI Workers' Compensation Group Rating Plan (WCGRP) was established through the Optimal Health Initiatives (OHI) as a group purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. The Optimal Health Initiatives has created a workers' compensation group rating and risk management program which will potentially reduce the workers' compensation premiums for the District.

OHI has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of \$965 to WCGRP to cover the costs of administering the program.

C. Ohio School Plan

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	2013	2012
Assets	\$6,841,599	\$5,351,369
Liabilities	4,052,930	2,734,952
Members' Equity	2,788,669	2,616,417

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

16. GROUP PURCHASING POOLS (Continued)

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

17. RELATED ORGANIZATION

Montpelier Public Library - The Montpelier Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Montpelier Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Montpelier Public Library, Pat Henricks, Clerk/Treasurer, at 216 East Main Street, Montpelier, Ohio 43543.

18. CAPITALIZED LEASES - LESSEE DISCLOSURE

The District has entered into capitalized lease for the renovation of athletic facilities.

These expenditures are reflected as program/function expenditures on the accompanying financial statements. Principal payments made in the 2014 fiscal year were \$100,000.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

General Long-Term Obligations	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2015	\$104,871
2016	101,627
Total Future Minimum Lease Payments	206,498
Less: Amount Representing Interest	(6,498)
Present Value of Future Minimum Lease Payments	\$200,000

19. CONTINGENCIES

A. Federal and State Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

20. INTERFUND ADVANCES

At June 30, 2014, the General Fund had unpaid interfund cash advances in the amounts of \$100,000 and \$10,000, for short-term loans made to the Permanent Improvement and Athletics funds, respectively. These are expected to be repaid within one year.

21. FUND BALANCE

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:				
Regular Instruction			\$3,580	\$3,580
Special Instruction			782	782
Athletics			50,750	50,750
Food Service			205,190	205,190
Operations				
Facilities			191,825	191,825
Maintenance				
Debt Retirement		\$692,092		692,092
Total Restricted		692,092	452,127	1,144,219
Committed to:				
Permanent Improvement			85,832	85,832
Assigned for:				
Educational Activities	\$38,491			38,491
Unpaid Obligations (encumbrances)	223,483			223,483
Total Assigned	261,974			261,974
Unassigned	1,216,245			1,216,245
Total Fund Balance	<u>\$1,478,219</u>	<u>\$692,092</u>	<u>\$537,959</u>	<u>\$2,708,270</u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$24,176	\$24,176
Special Milk Program for Children - Cash Assistance	10.556	965	965
National School Lunch Program	10.555		
Cash Assistance		188,912	188,912
Non- Cash Assistance (Food Distribution)		17,232	17,232
Total National School Lunch Program		<u>206,144</u>	<u>206,144</u>
Total U.S. Department of Agriculture		<u>231,285</u>	<u>231,285</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	209,047	208,955
Special Education - Preschool Grants (IDEA, Preschool)	84.173	6,677	6,677
Total Special Education Cluster (IDEA)		<u>215,724</u>	<u>215,632</u>
Rural Education	84.358	15,167	15,167
English Language Acquisition State Grants	84.365	230	230
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	11,929	11,929
Title I Grants to Local Educational Agencies	84.010	259,610	259,768
Improving Teacher Quality State Grants	84.367	43,622	43,416
Total U.S. Department of Education		<u>546,282</u>	<u>546,142</u>
Totals		<u><u>\$777,567</u></u>	<u><u>\$777,427</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

The District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amounts passed through to subrecipients were \$6,907.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Montpelier Exempted Village School District
Williams County
1015 East Brown Street
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montpelier Exempted Village School District, Williams County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 30, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting policies.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2014



Dave Yost • Auditor of State

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

Montpelier Exempted Village School District
Williams County
1015 East Brown Street
P.O. Box 193
Montpelier, Ohio 43543-0193

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Montpelier Exempted Village School District, Williams County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2014

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(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)?	Yes
(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	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster – Grants to States (IDEA, Part B) CFDA #84.027 and Preschool Grants (IDEA Preschool) CFDA #84.173
(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**

FINDING NUMBER 2014-001

Noncompliance Citation

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

Ohio Admin. Code § 117-2-03(B) which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP)

For 2014, the District prepared and filed its financial statements on a cash basis of accounting in a format similar to financial statements prescribed by Governmental Accounting Standards No. 34. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP, which presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared and filed in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

None.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) – for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not corrected. Reissued as finding 2014-001 in this report.

This page intentionally left blank.



Dave Yost • Auditor of State

MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT

WILLIAMS 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
NOVEMBER 18, 2014**