



Dave Yost • Auditor of State



**CARLISLE LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Carlisle Local School District  
Warren County  
724 Fairview Drive  
Carlisle, Ohio 45005

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Carlisle Local School District, Warren 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Carlisle Local School District, Warren County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 21, 2015

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**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
(Unaudited)

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The discussion and analysis of the Carlisle Local School District's (the District) financial performance provides an overview and analysis 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 our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- ▶ The assets of the District exceeded its liabilities at June 30, 2014 by \$1,669,389. Of this amount, \$2,077,761 represents net investments in capital assets and net position amounts restricted for specific purposes and the deficit balance of \$408,372 represents unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$11,585, which represents a 0.70 percent increase from 2013.
- ▶ General revenues accounted for \$14,745,613 or 86.97 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,209,789 or 13.03 percent of total revenues of \$16,955,402.
- ▶ The District had \$16,943,817 in expenses related to governmental activities; only \$2,209,789 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$14,745,613 were used to provide for the remainder of these programs.
- ▶ The District recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$15,404,086 in revenues and \$15,360,935 in expenditures in fiscal year 2014.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
(Unaudited)

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**Reporting the District as a Whole**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

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

**Fund Financial Statements**

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

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Fiduciary Funds**

The District's only fiduciary fund is an agency fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**Notes to the Basic Financial Statements**

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

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

**Government-Wide Financial Analysis**

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013:

Table 1  
**Net Position at Year End**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<b><u>Assets:</u></b>		
Current and Other Assets	\$7,086,739	\$6,183,657
Capital Assets, Net	2,233,512	2,030,457
<i>Total Assets</i>	<u>9,320,251</u>	<u>8,214,114</u>
<b><u>Liabilities:</u></b>		
Other Liabilities	2,075,710	1,911,063
Long-Term Liabilities	1,001,954	776,065
<i>Total Liabilities</i>	<u>3,077,664</u>	<u>2,687,128</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>4,573,198</u>	<u>3,869,182</u>
<b><u>Net Position:</u></b>		
Net Investment in Capital Assets	1,897,721	1,932,920
Restricted	180,040	254,681
Unrestricted	<u>(408,372)</u>	<u>(529,797)</u>
<i>Total Net Position</i>	<u><u>\$1,669,389</u></u>	<u><u>\$1,657,804</u></u>

Current and other assets increased \$903,082 from fiscal year 2013, primarily the result of an increase in cash and cash equivalents held by the District.

Current (other) liabilities increased \$164,647 or 8.62 percent.

Long-term liabilities increased \$225,889 as the result additional capital leases entered into by the District.

The District's largest portion of net position is related to amounts net investment in capital assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

The District's smallest portion of net position is unrestricted, and carries a deficit balance of \$408,372. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$180,040 is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2014 and provides a comparison to fiscal year 2013.

Table 2  
**Changes in Net Position**

	<b><u>Governmental Activities</u></b>	
	<u>2014</u>	<u>2013</u>
<b><u>Revenues:</u></b>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$723,724	\$702,473
Operating Grants and Contributions	1,486,065	1,632,358
<i>General Revenues:</i>		
Property Taxes	4,312,919	4,467,217
Income Taxes	1,914,261	1,859,392
Unrestricted Grants and Entitlements	8,072,267	7,752,985
Payments in Lieu of Taxes	288,377	221,818
Investment Earnings	1,784	1,886
Miscellaneous	156,005	112,243
<b><i>Total Revenues</i></b>	<b><u>16,955,402</u></b>	<b><u>16,750,372</u></b>

(Continued)

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
(Unaudited)

Table 2  
**Changes in Net Position**

	<u>2014</u>	<u>2013</u>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	7,871,204	7,882,710
Special	2,318,078	1,695,548
Vocational	113,139	116,190
Student Intervention Services	96,645	98,915
Other	55,390	0
<i>Support Services:</i>		
Pupils	931,039	764,252
Instructional Staff	258,776	713,359
Board of Education	29,864	27,259
Administration	975,047	967,534
Fiscal	643,491	518,313
Business	22,230	13,171
Operation and Maintenance of Plant	1,449,840	1,299,338
Pupil Transportation	900,565	872,034
Central	54,084	47,803
<i>Operation of Non-Instructional Services:</i>		
Food Service	635,945	614,268
Extracurricular Activities	580,526	560,497
Interest and Fiscal Charges	7,954	9,044
<i>Total Expenses</i>	<u>16,943,817</u>	<u>16,200,235</u>
<i>Change in Net Position</i>	11,585	550,137
Net Position-Beginning of Year	<u>1,657,804</u>	<u>1,107,667</u>
Net Position-End of Year	<u><u>\$1,669,389</u></u>	<u><u>\$1,657,804</u></u>

**CARLISLE LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2014*

*(Unaudited)*

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The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration and Pupils. These programs account for 79.93 percent of the total governmental activities. Regular Instruction, which accounts for 46.45 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 13.68 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.56 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 5.75 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupils, which represents 5.49 percent of the total cost, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process.

The majority of the funding for the most significant programs indicated above is from property taxes, income taxes and grants and entitlements not restricted for specific programs. Property taxes, income taxes, and grants and entitlements not restricted for specific programs accounts for 84.34 percent of total revenues.

As noted previously, the net position for governmental activities increased \$11,585 or 0.70 percent. This is a change from last year when net position increased \$550,137 or 49.67 percent. Total revenues increased \$205,030 or 1.22 percent over the last year and expenses increased \$743,582 or 4.59 percent over last year.

The District had program revenue decreases of \$125,042 and an increase in general revenues of \$330,072. The decrease in program revenues is due to the loss of operating grants and the increase in general revenues is due mostly to the gain in unrestricted grants and entitlements during fiscal year 2014.

The total expenses for governmental activities increased in several program expense categories. The most significant increase was in Special Instruction.

### **Governmental Activities**

Over the past fiscal year, the District has experienced a slight increase in financial condition. The District is heavily dependent on property and income taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of General Fund revenue growth. Property and income taxes made up 36.73 percent and intergovernmental revenue made up 56.37 percent of the total revenue for the governmental activities in fiscal year 2014.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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(Unaudited)

The District's 2.0 mill Permanent Improvement Levy is an important piece of the financial picture. It funds not only facility maintenance and upkeep issues but also provides the bulk of the District's technology needs and a large percentage of the State's set-aside requirements for capital improvements.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2014, the District received \$7,367,855 through the State's foundation program, which represents 43.45 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 61.70 percent of governmental activities program expenses. Support services expenses make up 31.07 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2014 compared with fiscal year 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
<i>Program Expenses:</i>				
Instruction	\$10,454,456	\$9,066,844	\$9,793,363	\$8,301,231
Support Services	5,264,936	5,206,064	5,223,063	5,148,523
Operation of Non-Instructional Services	635,945	6,832	614,268	(28,775)
Extracurricular Activities	580,526	446,334	560,497	435,381
Interest and Fiscal Charges	7,954	7,954	9,044	9,044
Total Expenses	<u>\$16,943,817</u>	<u>\$14,734,028</u>	<u>\$16,200,235</u>	<u>\$13,865,404</u>

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$17,268,085 and expenditures of \$17,211,023.

Total governmental funds fund balance increased by \$57,062 or 26.32 percent. The increase in fund balance for the year was most significant in the General Fund, which is the result of increased revenues that outpaced an increase in expenditures.

**Budget Highlights - General Fund**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for 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 one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$15,342,299 representing a \$80,000 increase from the original budget estimate of revenue. For the General Fund, the final budget basis expenditures were \$15,345,440 representing an increase of \$91,532 from the original budget estimate of expenditures.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
(Unaudited)

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2014, the District had \$12.4 million invested in capital assets, of which all was in governmental activities. That total carries an accumulated depreciation of \$10.2 million. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013.

Table 4  
**Capital Assets & Accumulated Depreciation at Year End**

	<b><u>Governmental Activities</u></b>	
	<u>2014</u>	<u>2013</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$325,000	\$325,000
<i>Depreciable Capital Assets:</i>		
Land Improvements	248,867	218,348
Buildings and Improvements	6,325,445	6,319,986
Furniture, Fixtures and Equipment	3,925,131	3,748,927
Vehicles	<u>1,624,451</u>	<u>1,385,148</u>
<i>Total Capital Assets</i>	<u>12,448,894</u>	<u>11,997,409</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements	66,620	60,200
Buildings and Improvements	5,389,624	5,314,725
Furniture, Fixtures and Equipment	3,523,414	3,407,784
Vehicles	<u>1,235,724</u>	<u>1,184,243</u>
<i>Total Accumulated Depreciation</i>	<u>10,215,382</u>	<u>9,966,952</u>
Capital Assets, Net	<u><u>\$2,233,512</u></u>	<u><u>\$2,030,457</u></u>

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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**Debt Administration**

At June 30, 2014, the District had no long-term general obligation debt outstanding.

More detailed information pertaining to the District's long-term liability activity can be found in the notes to the basic financial statements.

**Current Issues**

The economic climate at the time of this report is that we are recovering from a recession. Property tax collections are flat. The housing sector is in a decline. The condition of the housing sector means that property tax revenue will not be increasing with new construction as previously projected. New construction in Carlisle's housing subdivisions has slowed.

Carlisle Local School District has been placed in Fiscal Caution since February 2008, by the Ohio Department of Education. A Fiscal Caution recovery plan has been filed with the Ohio Department of Education and it has been accepted by ODE. The plan eliminates deficit spending which is required by ODE for schools under Fiscal Caution. The District passed a 5.9 mill Emergency Operation Levy on May 7, 2013. The District was released from Fiscal Caution on November 18, 2013 by the Ohio Department of Education.

A new Superintendent and a new Treasurer were hired in fiscal year 2010. The new Management has continued to cut spending to eliminate the deficit. Multiple positions have been eliminated and other changes have been made in operations to gain efficiency and reduce spending.

The District is at 22.13 mills of valuation. This means that when the County would perform its tri-annual reappraisal the District would usually see an increase in property tax revenue. With the current economy and credit crunch in the housing sector, our collections are down slightly. The County Auditor has also reduced property values in his re-appraisal.

Beginning in fiscal year 2014, the District began collections on the new 5.9 mill emergency operating levy. The District has projected solvency for each of the years in the Five Year Forecast. With continued diligence on spending, the District will remain solvent.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information, contact Dan Bassler, Treasurer of Carlisle Local School Board of Education, 724 Fairview Drive, Carlisle, Ohio 45005.

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**CARLISLE LOCAL SCHOOL DISTRICT**

*Statement of Net Position*

*June 30, 2014*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$1,472,337
Property Taxes Receivable	4,861,126
Income Taxes Receivable	751,868
Inventory Held for Resale	1,408
Nondepreciable Capital Assets	325,000
Depreciable Capital Assets, Net	<u>1,908,512</u>
<i>Total Assets</i>	<u>9,320,251</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	104,338
Accrued Wages and Benefits	1,526,577
Intergovernmental Payable	330,814
Matured Compensated Absences Payable	83,981
Early Retirement Incentive Payable	30,000
<i>Long-Term Liabilities:</i>	
Due within One Year	205,072
Due in More Than One Year	<u>796,882</u>
<i>Total Liabilities</i>	<u>3,077,664</u>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	<u>4,573,198</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	1,897,721
<i>Restricted for:</i>	
Capital Projects	177,742
Other Purposes	2,298
Unrestricted	<u>(408,372)</u>
<i>Total Net Position</i>	<u><u>\$1,669,389</u></u>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2014*

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$7,871,204	\$260,847	\$72,759	(\$7,537,598)
Special	2,318,078	0	1,028,862	(1,289,216)
Vocational	113,139	0	25,144	(87,995)
Student Intervention Services	96,645	0	0	(96,645)
Other	55,390	0	0	(55,390)
<i>Support Services:</i>				
Pupils	931,039	0	1,080	(929,959)
Instructional Staff	258,776	0	1,500	(257,276)
Board of Education	29,864	0	0	(29,864)
Administration	975,047	0	0	(975,047)
Fiscal	643,491	0	0	(643,491)
Business	22,230	0	0	(22,230)
Operation and Maintenance of Plant	1,449,840	0	0	(1,449,840)
Pupil Transportation	900,565	0	49,092	(851,473)
Central	54,084	0	7,200	(46,884)
<i>Operation of Non-Instructional Services:</i>				
Food Services	635,945	343,676	285,437	(6,832)
Extracurricular Activities	580,526	119,201	14,991	(446,334)
Interest and Fiscal Charges	7,954	0	0	(7,954)
<b><i>Total Governmental Activities</i></b>	<b><u>\$16,943,817</u></b>	<b><u>\$723,724</u></b>	<b><u>\$1,486,065</u></b>	<b><u>(14,734,028)</u></b>
<b><u>General Revenues:</u></b>				
<i>Property Taxes Levied for:</i>				
General Purposes				4,064,113
Capital Outlay				248,806
<i>Income Taxes Levied for:</i>				
General Purposes				1,914,261
Grants and Entitlements not Restricted to Specific Programs				8,072,267
Payment in Lieu of Taxes				288,377
Investment Earnings				1,784
Miscellaneous				156,005
<b><i>Total General Revenues</i></b>				<b><u>14,745,613</u></b>
Change in Net Position				11,585
<i>Net Position at Beginning of Year</i>				<u>1,657,804</u>
<b><i>Net Position at End of Year</i></b>				<b><u>\$1,669,389</u></b>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Balance Sheet*

*Governmental Funds*

*June 30, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$1,091,208	\$381,129	\$1,472,337
Property Taxes Receivable	4,660,907	200,219	4,861,126
Income Taxes Receivable	751,868	0	751,868
Interfund Receivable	22,529	0	22,529
Inventory Held for Resale	0	1,408	1,408
<i>Total Assets</i>	<u>\$6,526,512</u>	<u>\$582,756</u>	<u>\$7,109,268</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	\$67,048	\$37,290	\$104,338
Accrued Wages and Benefits	1,477,607	48,970	1,526,577
Intergovernmental Payable	316,149	14,665	330,814
Matured Compensated Absences Payable	83,981	0	83,981
Interfund Payable	0	22,529	22,529
Early Retirement Incentive Payable	30,000	0	30,000
<i>Total Liabilities</i>	<u>1,974,785</u>	<u>123,454</u>	<u>2,098,239</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Property Taxes	4,544,454	192,752	4,737,206
<b><u>Fund Balances:</u></b>			
Restricted	0	296,081	296,081
Assigned	146,300	0	146,300
Unassigned	(139,027)	(29,531)	(168,558)
<i>Total Fund Balances</i>	<u>7,273</u>	<u>266,550</u>	<u>273,823</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,526,512</u>	<u>\$582,756</u>	<u>\$7,109,268</u>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2014*

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<b>Total Governmental Funds Balances</b>	\$273,823
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,233,512
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property Taxes	164,008
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Capital leases	(300,812)
Compensated absences	(666,142)
Bus Purchase Notes	<u>(35,000)</u>
Total liabilities that are not reported in the funds	<u>(1,001,954)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$1,669,389</u></u>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Governmental Funds**  
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$4,085,123	\$250,439	\$4,335,562
Income Taxes	1,914,261	0	1,914,261
Intergovernmental	8,679,551	862,710	9,542,261
Interest	1,758	26	1,784
Tuition and Fees	260,847	0	260,847
Extracurricular Activities	26,906	92,295	119,201
Rentals	8,000	0	8,000
Payments in Lieu of Taxes	288,377	0	288,377
Gifts and Donations	0	16,071	16,071
Charges for Services	0	343,676	343,676
Miscellaneous	139,263	8,742	148,005
<i>Total Revenues</i>	<u>15,404,086</u>	<u>1,573,959</u>	<u>16,978,045</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	7,657,942	209,007	7,866,949
Special	1,906,576	403,492	2,310,068
Vocational	113,283	0	113,283
Student Intervention Services	96,645	0	96,645
Other	55,390	0	55,390
<i>Support Services:</i>			
Pupils	929,949	1,089	931,038
Instructional Staff	252,056	10,788	262,844
Board of Education	29,864	0	29,864
Administration	970,098	3,905	974,003
Fiscal	636,121	6,934	643,055
Business	22,230	0	22,230
Operation and Maintenance of Plant	1,310,727	144,495	1,455,222
Pupil Transportation	837,947	237,598	1,075,545
Central	46,884	7,200	54,084
Operation of Non-Instructional Services	0	650,239	650,239
Extracurricular Activities	445,506	163,341	608,847
<i>Debt Service:</i>			
Principal Retirement	41,763	12,000	53,763
Interest and Fiscal Charges	7,954	0	7,954
<i>Total Expenditures</i>	<u>15,360,935</u>	<u>1,850,088</u>	<u>17,211,023</u>
<i>Excess of Revenues Over Expenditures</i>	<u>43,151</u>	<u>(276,129)</u>	<u>(232,978)</u>
<b><u>Other Financing Sources:</u></b>			
Inception of Capital Lease	72,556	170,484	243,040
Proceeds from Sale of Notes	0	47,000	47,000
<i>Total Other Financing Sources</i>	<u>72,556</u>	<u>217,484</u>	<u>290,040</u>
<i>Net Change in Fund Balances</i>	115,707	(58,645)	57,062
<i>Fund Balances at Beginning of Year</i>	<u>(108,434)</u>	<u>325,195</u>	<u>216,761</u>
<i>Fund Balances at End of Year</i>	<u>\$7,273</u>	<u>\$266,550</u>	<u>\$273,823</u>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2014*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$57,062</b>			
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	203,055			
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of: Property taxes	(22,643)			
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	53,763			
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities: Inception of capital lease Proceeds of Sale of Notes	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">(243,040)</td> </tr> <tr> <td style="text-align: right;">(47,000)</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">(290,040)</td> </tr> </table>	(243,040)	(47,000)	(290,040)
(243,040)				
(47,000)				
(290,040)				
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: Compensated absences	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right; border-top: 1px solid black;">10,388</td> </tr> </table>	10,388		
10,388				
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$11,585</u></u>			

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$4,483,200	\$4,483,200	\$4,356,281	(\$126,919)
Income Taxes	1,912,123	1,912,123	1,845,889	(66,234)
Intergovernmental	8,447,210	8,527,210	8,721,455	194,245
Interest	2,000	2,000	1,758	(242)
Tuition and Fees	165,000	165,000	260,847	95,847
Rent	23,166	23,166	8,000	(15,166)
Extracurricular Activities	25,600	25,600	26,906	1,306
Payments in Lieu of Taxes	200,000	200,000	288,377	88,377
Miscellaneous	4,000	4,000	87,051	83,051
<i>Total Revenues</i>	15,262,299	15,342,299	15,596,564	254,265
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	7,707,791	7,748,553	7,625,614	122,939
Special	1,944,204	1,878,624	1,753,756	124,868
Vocational	96,320	96,320	97,515	(1,195)
Student Intervention Services	42,122	42,122	96,988	(54,866)
Other	32,400	32,400	54,000	(21,600)
<i>Support Services:</i>				
Pupils	724,992	823,212	895,005	(71,793)
Instructional Staff	297,754	309,664	307,499	2,165
Board of Education	36,609	36,609	29,849	6,760
Administration	958,550	962,450	948,295	14,155
Fiscal	648,867	648,267	653,839	(5,572)
Business	17,174	17,174	22,237	(5,063)
Operation and Maintenance of Plant	1,346,342	1,346,562	1,340,682	5,880
Pupil Transportation	879,190	879,190	846,832	32,358
Central	47,120	47,120	46,884	236
Extracurricular Activities	474,473	477,173	444,363	32,810
<i>Total Expenditures</i>	15,253,908	15,345,440	15,163,358	182,082
<i>Excess of Revenues Over (Under) Expenditures</i>	8,391	(3,141)	433,206	436,347
<i>Fund Balance at Beginning of Year</i>	442,783	442,783	442,783	0
<i>Prior Year Encumbrances Appropriated</i>	75,849	75,849	75,849	0
<i>Fund Balance at End of Year</i>	\$527,023	\$515,491	\$951,838	\$436,347

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Position*

*Fiduciary Fund*

*June 30, 2014*

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	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$20,879</u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	<u>\$20,879</u>

See accompanying notes to the basic financial statements.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Carlisle Local School District (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established through the consolidation of existing land areas and school districts. The District serves an area of approximately 11.7 square miles. It is located in Warren and Montgomery Counties, and includes all of the City of Carlisle and portions of Miami and Franklin Townships. It is staffed by 75 non-certificated employees, 102 certificated full-time teaching personnel and 8 administrative employees who provide services to 1,628 students and other community members. The District currently operates 7 instructional/support facilities.

**Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; 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. The District has no component units.

The District is associated with three jointly owned organizations: the Southwestern Ohio Computer Association (SWOCA), the Miami Valley Career Technology Center, and the Southwestern Ohio Educational Purchasing Council. The District is also associated with one insurance purchasing pool: EPC Worker's Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net 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 statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

**Fund Financial Statements**

During the 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 rather than reporting by type. 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.

**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 self-balancing set of accounts. The funds of the District fall within two categories: governmental and fiduciary.

**Governmental Funds**

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

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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

The following is the District's only major governmental fund:

**General Fund**- This fund is the operating fund of the District and 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.

The other governmental funds of the District account for grants and other resources of the District whose use is restricted to a particular purpose.

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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

**Revenues - Exchange and Nonexchange Transactions**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to the liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**Expenses/Expenditures**

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

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2014, the District's investments were limited to the Federal Securities and State Treasury Asset Reserve of Ohio (STAROhio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investments the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$1,758, which \$602 is assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. The District had no investments at June 30, 2014.

**F. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed or used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. As of June 30, 2014, the District reported no prepaid items.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**H. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. As of June 30, 2014, the District reported no restricted assets.

**I. Capital Assets**

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	50 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years
Books and Educational Media	10 years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables". These amounts are eliminated in the governmental activities column of the statement of net position.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid. As of June 30, 2014, the District reported \$83,981 in Matured Compensated Absences Payable.

**L. Accrued Liabilities and Long-Term Liabilities**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, matured claims and judgments, matured compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements liability when matured or for pension when service is rendered. Long-term loans, notes and capital leases are recognized as a liability on the fund financial statements when due.

**M. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is 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 are primarily from federal and state grants reported in the Special Revenue Funds. Of the District's \$180,040 restricted net position, none are restricted by enabling legislation.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**N. Fund Balance Reserves**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

**O. Interfund Transactions**

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

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. For the fiscal year 2014, the District reported no extraordinary and special items.

**Q. Estimates**

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

**R. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

**NOTE 3 - NEW GASB PRONOUNCEMENT**

For fiscal year 2014, the District implemented GASB Statement No. 67, "Financial Reporting for Pension Plans". GASB Statement No. 67 improves financial reporting by state and local governmental pension plans. The implementation of GASB Statement No. 67 had no effect on the prior period fund balances of the District.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 4 - ACCOUNTABILITY**

**Deficits in Fund Balance**

The following funds had deficit fund balances as of June 30, 2014:

	<u>Deficit Fund Balance</u>
<i>Nonmajor Special Revenue Funds:</i>	
Children's Trust	\$535
Miscellaneous State Grants	1,412
Title VI-B	10,243
Title I	16,119
EHA Preschool Grant	750
Title VI-R	452
Miscellaneous Federal Grant	20

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in, advances-out and principal payments on short-term notes are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** - (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$115,707
Adjustments:	
Revenue Accruals	244,690
Expenditure Accruals	44,336
Encumbrances	104,839
Other Financing Sources	(72,556)
Perspective Difference for Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(3,810)</u>
Budget Basis	<u>\$433,206</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 accounts including passbook accounts.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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**NOTE 6 - DEPOSITS AND INVESTMENTS** - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 6 - DEPOSITS AND INVESTMENTS** - (Continued)

At June 30, 2014, the carrying amount of all the District deposits was \$1,482,715. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2014, \$1,393,876 of the District's bank balance of \$1,643,876 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$1,393,876 exposed to custodial risk was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. The District had monies held in a depository that were not collateralized.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>
STAROhio	\$10,501	\$10,501

**Interest Rate Risk:** Interest rate risk is the risk, that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to those authorized by state statute in its investment policy. Standard and Poor's has assigned STAROhio a rating of "AAAm".

**Custodial Credit Risk:** For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investments be held in the name of the District. All of the District's investments are held in the name of the District.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. All of the District's investments are in STAROhio.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 7 - PROPERTY TAXES** - (Continued)

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Warren and Montgomery Counties. Each County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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.

Accrued property taxes receivable represents the June 2014 personal property tax settlement, delinquent taxes outstanding and real property, and public utility taxes which become measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2014 was \$123,920 and is recognized as revenue. Of this total amount, \$116,453 was available to the General Fund and \$7,467 was available to the Permanent Improvement Capital Projects Fund.

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
Agricualtural/Residential and Other Real Estate	\$140,718,830	83.61%	\$140,871,630	84.10%
Public Utility Personal	27,589,900	16.39%	26,638,170	15.90%
Total Assessed Value	<u>\$168,308,730</u>	<u>100.00%</u>	<u>\$167,509,800</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$46.29		\$46.29	

**NOTE 8 - INCOME TAX**

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2005, and is for a continuing period. 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 funds. During fiscal year 2014, the District had \$1,914,261 of income tax revenue in the General Fund.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2014 consisted of property taxes, income taxes and interfund. All receivables are considered collectible in full when due.

**NOTE 10 - CAPITAL ASSETS**

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

	<u>Balance at July 1, 2013</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at June 30, 2014</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$325,000	\$0	\$0	\$325,000
<i>Depreciable Capital Assets:</i>				
Land Improvements	218,348	30,519	0	248,867
Buildings and Improvements	6,319,986	5,459	0	6,325,445
Furniture, Fixtures and Equipment	3,748,927	176,204	0	3,925,131
Vehicles	<u>1,385,148</u>	<u>239,303</u>	<u>0</u>	<u>1,624,451</u>
Total Depreciable Capital Assets	<u>11,672,409</u>	<u>451,485</u>	<u>0</u>	<u>12,123,894</u>
Total Capital Assets	<u>11,997,409</u>	<u>451,485</u>	<u>0</u>	<u>12,448,894</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(60,200)	(6,420)	0	(66,620)
Buildings and Improvements	(5,314,725)	(74,899)	0	(5,389,624)
Furniture, Fixtures and Equipment	(3,407,784)	(115,630)	0	(3,523,414)
Vehicles	<u>(1,184,243)</u>	<u>(51,481)</u>	<u>0</u>	<u>(1,235,724)</u>
Total Accumulated Depreciation	<u>(9,966,952)</u>	<u>(248,430)</u>	<u>0</u>	<u>(10,215,382)</u>
Total Net Capital Assets	<u>\$2,030,457</u>	<u>\$203,055</u>	<u>\$0</u>	<u>\$2,233,512</u>

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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**NOTE 10 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$102,205
Special	2,867
Vocational	2,931
<i>Support Services:</i>	
Pupils	3,891
Instructional Staff	1,828
Administration	939
Fiscal	1,293
Operation and Maintenance of Plant	49,089
Pupil Transportation	51,170
Operation of Non-Instructional Services	16,706
Extracurricular Activities	15,511
Total Depreciation Expense	<u><u>\$248,430</u></u>

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2014, the District contracted with commercial carriers for property, fleet, professional and general liability insurance. Coverage's provided are as follows:

Building/Contents and Boiler/Machinery	\$46,075,332
Building/Contents - replacement cost (90% co-insurance)	
Boiler/Machinery (\$1,000 deductible)	
Automobile Liability (\$1,000 deductible for collision and \$1,000 for comprehensive)	1,000,000
Uninsured Motorists (\$1,000 deductible for collision and \$1,000 for comprehensive)	1,000,000
General Liability:	
Per Occurrence (\$1,000 deductible)	1,000,000
Aggregate Limit	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year, except for building/contents and boiler/machinery coverage.

For fiscal year 2014, the District participated in the EPC Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 22). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

Dental coverage is provided and was switched from a self-funded, self-insured internal service plan to a fully funded plan through the Educational Purchasing Cooperative (EPC). A third party administrator, CoreSource Inc. located in Westerville, Ohio reviews all claims and pays those claims in accordance with benefit guidelines. This change was effective the same date as the change in medical coverage. The District pays \$94.97 for family and \$37.53 per month for single respectively per employee, which represents the entire premium.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

**Plan Description** - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System.

For the fiscal years ending June 30, 2014, the allocation to pension and death benefits is 13.1 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 contributions to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$325,152, \$213,829, and \$344,527, respectively; which equaled the required contributions each year.

**State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

***DC Plan Benefits*** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money amount various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

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

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

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11% of covered payroll for members and 14% for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$846,196, \$900,809 and \$1,060,303, respectively; 83.80 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2013 Comprehensive Annual Financial Report are available.

Additional information or copies of STRS Ohio's 2013 Comprehensive Annual Financial Report can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, no members of the Board of Education have elected Social Security.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

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

**Medicare Part B Plan** - The Medicare 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.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 13 - POSTEMPLOYMENT BENEFITS** - (Continued)

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 if they participated in one of the SERS' health care plans.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For 2014, this actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$18,864, \$12,079 and \$20,617, respectively; which equaled the required contributions each year.

**Health Care Plan** – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 \$20,250. 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 to health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$39,968, \$37,077 and \$65,916, respectively.

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

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

**State Teachers Retirement System**

**Plan Description** – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 13 - POSTEMPLOYMENT BENEFITS** - (Continued)

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

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$65,092, \$69,293 and \$81,562 respectively; 100 percent for the fiscal years 2014, 2013 and 2012.

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

**NOTE 14 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

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

**Health, Prescription Drug, and Life Insurance**

On April 1, 2003, the District began providing medical/surgical benefits through a fully funded PPO medical plan with Anthem. The District pays \$1,415.30 for family and \$751.05 for single coverage per month, which represents ninety and ninety-five percent of the premium respectively.

The District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Insurance Company.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 15 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities during fiscal year 2014 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2014</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
Bus Purchase Note	2014	0.00%	\$0	\$47,000	\$12,000	\$35,000	\$20,000
Capital Lease Payable			99,535	243,040	41,763	300,812	98,529
Compensated Absences Payable			676,530	295,702	306,090	666,142	86,543
Total Governmental Activities Long-Term Obligations			<u>\$776,065</u>	<u>\$585,742</u>	<u>\$359,853</u>	<u>\$1,001,954</u>	<u>\$205,072</u>

The District issued a \$47,000 Bus Purchase Note, dated May 2014 which will mature on May 1, 2016. The proceeds of this note are to be used for the purchase of a bus for the District. The note will be retired from the Permanent Improvement Fund.

Compensated absences will be paid from the fund from which the employee is paid.

The District's overall legal debt margin was \$15,075,882 with an unvoted debt margin of \$167,510 at June 30, 2014.

The annual requirements to retire the bus purchase note outstanding at June 30, 2014, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Bus Purchase Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$20,000	\$0	\$20,000
2016	15,000	0	15,000
Total Debt Payments	<u>\$35,000</u>	<u>\$0</u>	<u>\$35,000</u>

**NOTE 16 - CAPITAL LEASE - LESSEE DISCLOSURE**

During fiscal year 2014, the District entered into a new capital lease for internet switches and another lease for two school buses for the District in the amount of \$243,040. The District has reported \$370,186 as capital assets in the statement of net position for leased equipment.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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**NOTE 16 - CAPITAL LEASE - LESSEE DISCLOSURE - (Continued)**

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

<u>Fiscal Year Ending June 30,</u>	<u>Capital Lease Payments</u>
2015	\$109,121
2016	109,122
2017	84,250
2018	16,555
2019	<u>2,759</u>
Total	321,807
Less: Amount Representing Interest	<u>20,995</u>
Present Value of Net Minimum Lease Payments	<u><u>\$300,812</u></u>

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 17 – FUND BALANCES**

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
<i>Restricted:</i>			
Special Revenues:			
Athletics	\$0	\$726	\$726
Food Service	0	124,881	124,881
Special Trust	0	321	321
Local Grants	0	727	727
State Grants	0	1,250	1,250
Capital Projects	0	168,176	168,176
<i>Total Restricted</i>	<u>0</u>	<u>296,081</u>	<u>296,081</u>
<i>Assigned:</i>			
<i>Encumbrances:</i>			
Regular	14,000	0	14,000
Special	2,236	0	2,236
Vocational	1,130	0	1,130
Student Intervention Services	343	0	343
Pupils	1,878	0	1,878
Instructional Staff	770	0	770
Administration	2,873	0	2,873
Fiscal	18,545	0	18,545
Business	374	0	374
Operation and Maintenance of Plant	55,380	0	55,380
Pupil Transportation	6,620	0	6,620
Extracurricular Activities	690	0	690
Public School Support	41,461	0	41,461
<i>Total Assigned</i>	<u>146,300</u>	<u>0</u>	<u>146,300</u>
<i>Unassigned</i>	<u>(139,027)</u>	<u>(29,531)</u>	<u>(168,558)</u>
Total Fund Balances	<u>\$7,273</u>	<u>\$266,550</u>	<u>\$273,823</u>

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 18- INTERFUND ACTIVITY**

As of June 30, 2014, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$22,529	\$0
<i>Nonmajor Special Revenue Funds:</i>		
District Managed Activities	0	4,546
Children's Trust	0	535
Miscellaneous State Grants	0	1,496
Title I	0	15,182
Pre-School Handicap Grant	0	750
Miscellaneous Federal Grants	0	20
Total Nonmajor Special Revenue Funds	0	22,529
Total	\$22,529	\$22,529

All the interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

**NOTE 19 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2014:

	<u>Capital Acquisition</u>
Current Year Set-Aside Requirement	\$285,123
Prior Year Balance Carried Forward	0
Current Year Offset	(312,036)
Qualifying Disbursements	(271,936)
Total	(298,849)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Reserve Balance as of June 30, 2013	\$0

Effective July 1, 2012, the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 20 – ENCUMBRANCE COMMITMENTS**

At June 30, 2014, the District had encumbrance commitments in the governmental funds as follows:

<u>Major Funds</u>	
General	\$104,839
<u>Nonmajor Funds</u>	
Permanent Improvement	62,080
Food Service	36,526
Title I	266
Total Nonmajor Funds	<u>98,872</u>
Total Encumbrances	<u><u>\$203,711</u></u>

**NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS**

**Southwestern Ohio Computer Association**

Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of school districts. The jointly governed 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 districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the 28 participating school districts. During fiscal year 2014, the District paid \$44,977 to SWOCA.

Financial information can be obtained by contacting SWOCA at 3603 Hamilton-Middletown Road, Hamilton, Ohio, 45011-2241.

**Miami Valley Career Technology Center**

The Miami Valley Career Technology Center, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating school districts' elected board, which possess its own budgeting and taxing authority. Accordingly, the Miami Valley Career Technology Center is not part of the District and its operations are not included as part of the reporting entity. During fiscal year 2014, the District did not make any contributions to the Miami Valley Career Technology Center. Financial information can be obtained by contacting the Miami Valley Career Technology Center at 3800 Hoke Road, Clayton, Ohio 45315.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS-** (Continued)

**Southwestern Ohio Educational Purchasing Council**

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2014, the District paid \$966 in membership fees to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, at 303 Corporate Center Dr., Suite 208, Vandalia, Ohio 45377.

**NOTE 22 - INSURANCE PURCHASING POOL**

**EPC Worker's Compensation Group Rating Plan**

The District participates in the EPC Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool established in Section 4123.39 of the Ohio Revised Code. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 23 - CONTINGENCIES**

**A. Grants**

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

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

**CARLISLE LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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**NOTE 24- FISCAL CAUTION**

On February 25, 2008, the Ohio Department of Education placed the District in fiscal caution. The District received a performance audit done by the Auditor of State's Office in September 2008. The District passed a 5.9 mill Emergency Operating Levy on May 7, 2013. The new revenue, in combination with reduced expenditures, projects the District solvency throughout their next five years (fiscal year 2018) as indicated on the five year forecast. The District was released from fiscal caution on November 18, 2013.

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CARLISLE LOCAL SCHOOL DISTRICT  
WARREN COUNTY

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

Federal Grantor, Pass-Through Grantor, Program Title/Name	Grant Year	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<u>Child Nutrition Cluster:</u>						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2014	10.555		\$ 44,401		\$ 44,401
Cash Assistance:						
National School Breakfast Program	2014	10.553	\$ 43,235	0	\$ 43,235	0
National School Lunch Program	2014	10.555	236,221	0	236,221	0
Total Child Nutrition Cluster			<u>279,456</u>	<u>44,401</u>	<u>279,456</u>	<u>44,401</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>279,456</b></u>	<u><b>44,401</b></u>	<u><b>279,456</b></u>	<u><b>44,401</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
<u>Special Education Cluster:</u>						
Special Education-Grants to States	2014	84.027	295,365	0	295,365	0
Special Education-Preschool Grants	2014	84.173	1,819	0	1,819	0
Total Special Education Cluster			<u>297,184</u>	<u>0</u>	<u>297,184</u>	<u>0</u>
Title I Grants to Local Educational Agencies	2014	84.010	156,368	0	171,550	0
Improving Teacher Quality State Grants	2014	84.367	66,259	0	66,259	0
<b>Total U.S. Department of Education</b>			<u><b>519,811</b></u>	<u><b>0</b></u>	<u><b>534,993</b></u>	<u><b>0</b></u>
<b>Total Federal Assistance</b>			<u><b>\$799,267</b></u>	<u><b>\$44,401</b></u>	<u><b>\$814,449</b></u>	<u><b>\$44,401</b></u>

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

**CARLISLE LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective 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*

Carlisle Local School District  
Warren County  
724 Fairview Drive  
Carlisle, Ohio 45005

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, the major fund, and the aggregate remaining fund information of Carlisle Local School District, Warren County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 21, 2015.

### ***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 opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 21, 2015



# Dave Yost • Auditor of State

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

Carlisle Local School District  
Warren County  
724 Fairview Drive  
Carlisle, Ohio 45005

To the Board of Education:

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

We have audited the Carlisle Local School District'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 Carlisle Local School 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, the Carlisle Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

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

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

January 21, 2015

**CARLISLE LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

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

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

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**CARLISLE LOCAL SCHOOL DISTRICT**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2015**