

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
(AUDITED)**

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014*

**KRISTEN RHOADS, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Circleville City School District  
388 Clark Drive  
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Circleville City School District, Pickaway County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Circleville City School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 6, 2015

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**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Circleville City School District  
Pickaway County  
388 Clark Drive  
Circleville, Ohio 43113

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Circleville City School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Circleville City School 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 Circleville City School 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 Circleville City School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

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

Board of Education  
Circleville City School District

***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 Circleville City School District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of the Circleville City School 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 Circleville City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 23, 2014



**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities decreased \$1,441,583 which represents a 2.23% decrease from June 30, 2013's net position.
- General revenues accounted for \$25,654,637 in revenue or 83.62% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,023,868 or 16.38% of total revenues of \$30,678,505.
- The District had \$31,800,851 in expenses related to governmental activities; only \$5,023,868 of these expenses was offset by program specific charges for services and grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$25,654,637 were adequate to provide for these programs.
- The District's major funds are the general fund, the bond retirement fund and the classroom facilities fund. The general fund had \$22,424,084 in revenues and \$22,244,010 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balance increased \$158,265 from a balance of \$15,308,797 to a balance of \$15,467,062.
- The bond retirement fund had \$3,656,413 in revenues and \$3,122,124 in expenditures. During fiscal year 2014, the bond retirement fund's fund balance increased \$534,289 from a balance of \$1,761,942 to a balance of \$2,296,231.
- The classroom facilities fund had \$3,345,821 in revenues and \$20,417,500 in expenditures. During fiscal year 2014, the classroom facilities fund's fund balance decreased \$17,071,679 from a balance of \$25,548,455 to a balance of \$8,476,776.

**Using these Basic Financial Statements**

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the bond retirement fund and the classroom facilities fund are the only major funds.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net position and statement of activities can be found on pages 13-14 of this report.

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

**Fund Financial Statements**

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund, the bond retirement fund and the classroom facilities fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-56 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the School District as a whole.

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

	<u>Net Position</u>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 50,642,126	\$ 70,982,412
Capital assets, net	<u>59,926,593</u>	<u>40,048,303</u>
Total assets	<u>110,568,719</u>	<u>111,030,715</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,545,996	5,136,734
Long-term liabilities	<u>46,995,884</u>	<u>47,563,317</u>
Total liabilities	<u>53,541,880</u>	<u>52,700,051</u>
<b><u>Deferred inflows</u></b>		
Property taxes levied for the next fiscal	7,716,214	7,971,566
PILOT levied for the next fiscal year	<u>89,528</u>	<u>15,655</u>
	<u>7,805,742</u>	<u>7,987,221</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	12,205,117	14,554,424
Restricted	22,544,266	23,983,698
Unrestricted	<u>14,471,714</u>	<u>11,805,321</u>
Total net position	<u>\$ 49,221,097</u>	<u>\$ 50,343,443</u>

Over time, net position can serve as a useful indicator of government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows by \$49,221,097. Of this total, \$22,544,266 is restricted in use.

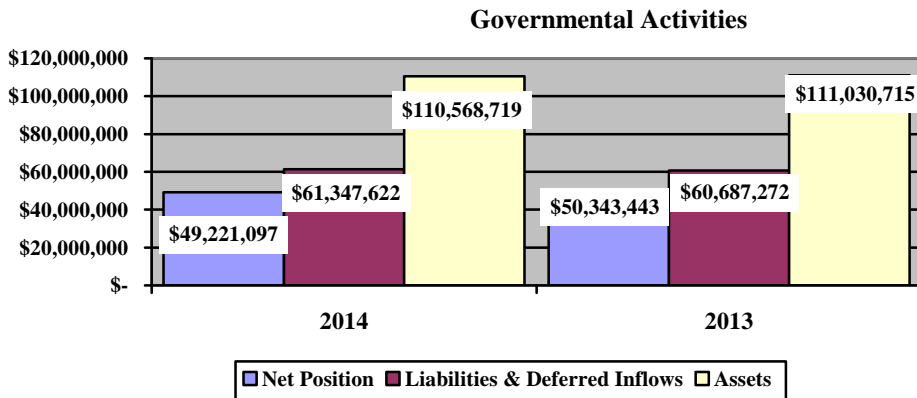
**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

At year end, capital assets represented 54.20% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investments in capital assets at June 30, 2014 was \$12,205,117. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$22,544,266, represents resources that are subject to external restriction on how they may be used.

The graph below shows the School District's assets, liabilities, deferred inflows of resources and net position at June 30, 2014 and June 30, 2013.



The table below shows the change in net position for fiscal years 2014 and 2013.

	<b>Change in Net Position</b>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 767,211	\$ 1,001,056
Operating grants and contributions	4,256,657	4,333,354
General revenues:		
Property taxes	10,574,415	10,119,246
Revenue in lieu of taxes	59,184	116,004
School district income taxes	1,677,524	1,651,332
Grants and entitlements	12,915,643	12,116,931
Investment earnings	150,842	78,769
Other	<u>277,029</u>	<u>173,482</u>
Total revenues	<u>30,678,505</u>	<u>29,590,174</u>

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**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

	Governmental Activities	
	2014	2013
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 14,718,060	\$ 11,186,322
Special	3,051,287	3,028,879
Vocational	107,541	109,623
Other	68,552	826
Support services:		
Pupil	930,395	999,325
Instructional staff	2,111,042	2,334,361
Board of education	113,626	50,069
Administration	2,131,892	1,912,872
Fiscal	725,781	506,294
Operations and maintenance	1,591,212	1,484,578
Pupil transportation	1,099,089	827,006
Central	77,758	13,328
Operation of non-instructional services:		
Other non-instructional services	163,983	128,445
Food service operations	1,159,297	1,053,516
Extracurricular activities	1,019,016	483,159
Interest and fiscal charges	2,732,320	3,300,106
 Total expenses	 31,800,851	 27,418,709
 Changes in net position	 (1,122,346)	 2,171,465
Net position at beginning of year	50,343,443	48,171,978
Net position at end of year	\$ 49,221,097	\$ 50,343,443

**Governmental Activities**

Net position of the District's governmental activities decreased \$1,122,346. Total governmental expenses of \$31,800,851 were offset by program revenues of \$5,023,868 and general revenues of \$25,654,637. Program revenues supported 15.80% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements not restricted to specific programs. These revenue sources represent 82.04% of total governmental revenue. Real estate property is reappraised every six years. Total revenues increased \$1,088,331 during the current fiscal year. The majority of the increase was in grants and entitlements.

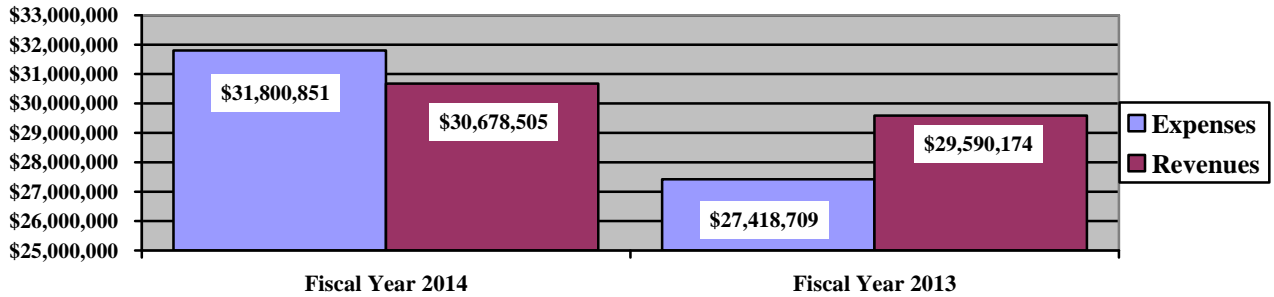
Total expenses increased \$4,382,142 primarily due to the \$2,677,591 expense related to the disposal of assets not fully depreciated as part of the District's ongoing construction projects.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014 and 2013.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

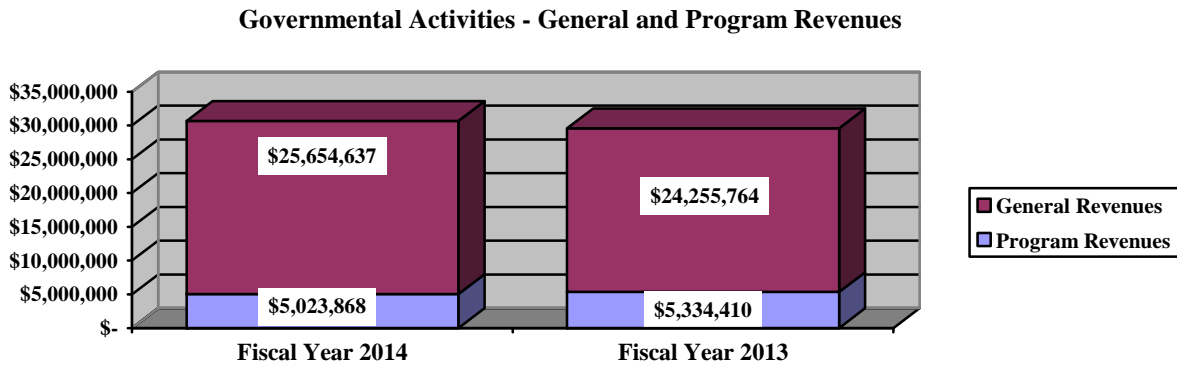
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses:				
Instruction:				
Regular	\$ 14,718,060	\$ 13,642,011	\$ 11,186,322	\$ 9,986,569
Special	3,051,287	1,138,523	3,028,879	1,174,677
Vocational	107,541	106,780	109,623	109,623
Other	68,552	7,985	826	826
Support services:				
Pupil	930,395	916,323	999,325	898,087
Instructional staff	2,111,042	1,842,097	2,334,361	1,809,931
Board of Education	113,626	113,626	50,069	50,069
Administration	2,131,892	1,882,276	1,912,872	1,805,148
Fiscal	725,781	725,781	506,294	506,281
Operations and maintenance	1,591,212	1,580,111	1,484,578	1,415,238
Pupil transportation	1,099,089	1,071,211	827,006	773,978
Central	77,758	77,758	13,328	13,328
Operation of non-instructional services:				
Other non-instructional services	163,983	(2,126)	128,445	9,062
Food service operations	1,159,297	70,687	1,053,516	(113,467)
Extracurricular activities	1,019,016	871,620	483,159	344,843
Interest and fiscal charges	<u>2,732,320</u>	<u>2,732,320</u>	<u>3,300,106</u>	<u>3,300,106</u>
<b>Total expenses</b>	<b><u>\$ 31,800,851</u></b>	<b><u>\$ 26,776,983</u></b>	<b><u>\$ 27,418,709</u></b>	<b><u>\$ 22,084,299</u></b>

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 83.00% of instruction activities in fiscal year 2014 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.20%. The District's taxpayers, and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2014 and 2013.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$30,009,211 which is lower than last year's total of \$48,692,205. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	Increase <u>(Decrease)</u>
General	\$ 15,467,062	\$ 15,308,797	\$ 158,265
Bond retirement	2,296,231	1,761,942	534,289
Classroom facilities	8,476,776	25,548,455	(17,071,679)
Other governmental	<u>3,769,142</u>	<u>6,073,011</u>	<u>(2,303,869)</u>
<b>Total</b>	<u>\$ 30,009,211</u>	<u>\$ 48,692,205</u>	<u>\$ (18,682,994)</u>

**General Fund**

The District's general fund balance increased \$158,265. Tax revenues increased due to an increase in the amount of taxes available for advance from the County Auditor. Earnings on investments increased due to an increase in the amount of investments that matured during the current fiscal year. Intergovernmental revenues increased due to an increase in the amount of school foundation revenues received. Expenditures related to instruction and support services increased during the year due to an increase in personnel costs. Capital outlay decreased while debt service expenditures increased due to the current year reduction of debt issued in the prior fiscal year.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 9,652,669	\$ 9,328,526	3.47 %
Earnings on investments	121,782	2,056	5,823.25 %
Intergovernmental	11,900,199	11,019,831	7.99 %
Other revenues	<u>749,434</u>	<u>941,839</u>	(20.43) %
Total	<u>\$ 22,424,084</u>	<u>\$ 21,292,252</u>	5.32 %
<b><u>Expenditures</u></b>			
Instruction	\$ 13,025,963	\$ 12,537,100	3.90 %
Support services	7,335,004	7,170,764	2.29 %
Extracurricular activities	857,578	360,588	137.83 %
Operation of non-instructional services	-	945	(100.00) %
Facilities acquisition and construction	916,545	46,206	1,883.61 %
Capital outlay	-	181,895	(100.00) %
Debt service	<u>78,920</u>	<u>32,054</u>	146.21 %
Total	<u>\$ 22,214,010</u>	<u>\$ 20,329,552</u>	9.27 %

**Bond Retirement Fund**

The bond retirement fund had \$3,656,413 in revenues and \$3,122,124 in expenditures. During fiscal year 2014, the bond retirement fund's fund balance increased \$534,289 from a balance of \$1,761,942 to a balance of \$2,296,231.

**Classroom Facilities Fund**

The classroom facilities fund had \$3,345,821 in revenues and \$20,417,500 in expenditures. During fiscal year 2014, the classroom facilities fund's fund balance decreased \$17,071,679 from a balance of \$25,548,455 to a balance of \$8,476,776.

**General Fund Budgeting Highlights**

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

General fund original and final revenues and other financing sources of \$21,642,513 were \$5,831,507 lower than the actual revenues of \$27,474,020.

General fund original appropriations and other financing uses of \$24,891,688 were increased to \$32,241,688 in the final budget. Final appropriations and other financing uses of \$32,241,688 were higher than the actual expenditures of \$30,362,937.



**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2014, the School District had \$59,926,593 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2014 balances compared to June 30, 2013.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 1,729,514	\$ 1,729,514
Construction in progress	5,606,758	27,180,631
Land improvements	4,031,664	147,027
Building and improvements	47,304,987	191,472
Furniture and equipment	919,254	33,564
Vehicles	334,416	186,299
Total	\$ 59,926,593	\$ 29,468,507

The overall increase in capital assets is due to capital outlays of \$23,298,289 exceeding depreciation expense of \$742,408 in the current period.

See Note 10 to the basic financial statements for detail.

**Debt Administration**

At June 30, 2014, the District had \$147,721 in a capital lease agreement, \$237,000 in energy conservation notes, \$7,000,000 in certificates of participation and \$37,211,225 in general obligation bonds outstanding. Of this total, \$580,448 is due within one year and \$44,015,498 is due within greater than one year. The following table summarizes the liabilities outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities 2014	Governmental Activities 2013
Capital lease agreement	\$ 147,721	\$ 181,895
Energy conservation notes	237,000	258,000
Certificates of participation	7,000,000	7,000,000
General obligation bonds	37,211,225	37,542,208
Total	\$ 44,595,946	\$ 44,982,103

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**Current Financial Related Activities**

The challenge for the District's management is to continue to provide the resources necessary to meet student needs and to stay within the five-year forecast. The five-year forecast is utilized by the District to effectively and efficiently manage the District's resources to their fullest.

In May of 2010, the District was successful in passing a \$37,917,624 bond issue. This bond issue will be used to fund the District's share of the \$65.3 million dollar new facilities construction project with the Ohio Facilities Construction Commission. This project will build a new Pre-Kindergarten through 12th grade school campus. The contracts for the construction of the new elementary and high school were approved by Board of Education and the Ohio Facilities Construction Commission on July 26, 2012. The contracts for the new middle schools were approved December 11, 2013. The District opened the new high school in January of 2014, followed by the opening of the elementary school in August of 2014. The middle school will be the last building to be completed, with an estimated completion date of August 2015. Along with the Ohio Facilities Construction Commission project, the district is completing a Champions Complex. This project included the renovation and construction of the outside athletic facilities. A new concession stand, restrooms, ticket booth, Fieldhouse and Multipurpose building have been built. Also, included in this project were softball, baseball, soccer fields and tennis courts.

The District negotiated with the Circleville Education Association. The outcome was a three year agreement for the period of July 1, 2013 through June 30, 2016. The Board of Education approved a Classified Employees Handbook for the same time period. The Circleville Education Association agreement includes 1.75% pay increase each year. The Classified Employees Handbook includes 1.75% increase the first year and performance based increases in year two and three.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Kristen Rhoads, Treasurer at Circleville City School District, 388 Clark Drive, Circleville, Ohio, 43113.

**BASIC  
FINANCIAL STATEMENTS**

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 31,795,224
Cash with escrow agent . . . . .	2,414,656
Receivables:	
Property taxes . . . . .	9,350,523
Income taxes. . . . .	620,316
Payment in lieu of taxes . . . . .	89,528
Accounts. . . . .	62,928
Intergovernmental . . . . .	6,216,301
Accrued interest . . . . .	25,334
Prepayments . . . . .	39,929
Materials and supplies inventory. . . . .	27,387
Capital assets:	
Land and construction in progress. . . . .	7,336,272
Depreciable capital assets, net. . . . .	<u>52,590,321</u>
Capital assets, net . . . . .	<u>59,926,593</u>
Total assets. . . . .	<u><u>110,568,719</u></u>
<b>Liabilities:</b>	
Accounts payable. . . . .	495,098
Contracts payable. . . . .	2,364,928
Retainage payable . . . . .	593,072
Accrued wages and benefits payable . . . . .	1,999,330
Pension obligation payable. . . . .	467,984
Intergovernmental payable . . . . .	235,364
Accrued interest payable . . . . .	390,220
Long-term liabilities:	
Due within one year. . . . .	753,027
Due in more than one year. . . . .	<u>46,242,857</u>
Total liabilities . . . . .	<u><u>53,541,880</u></u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	7,716,214
Payment in lieu of taxes levied for the next fiscal year. . . . .	<u>89,528</u>
Total deferred inflows of resources . . . . .	<u><u>7,805,742</u></u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	12,205,117
Restricted for:	
Capital projects . . . . .	20,211,166
Classroom facilities maintenance . . . . .	495,673
Debt service. . . . .	1,471,605
State funded programs. . . . .	12,509
Federally funded programs . . . . .	31,813
Student activities . . . . .	163,053
Other purposes . . . . .	158,447
Unrestricted. . . . .	<u>14,471,714</u>
Total net position. . . . .	<u><u>\$ 49,221,097</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 14,718,060	\$ 355,017	\$ 721,032	\$ (13,642,011)
Special . . . . .	3,051,287	53,515	1,859,249	(1,138,523)
Vocational . . . . .	107,541	-	761	(106,780)
Other . . . . .	68,552	-	60,567	(7,985)
Support services:				
Pupil . . . . .	930,395	-	14,072	(916,323)
Instructional staff . . . . .	2,111,042	-	268,945	(1,842,097)
Board of education . . . . .	113,626	-	-	(113,626)
Administration . . . . .	2,131,892	9,745	239,871	(1,882,276)
Fiscal . . . . .	725,781	-	-	(725,781)
Operations and maintenance . . . . .	1,591,212	11,101	-	(1,580,111)
Pupil transportation . . . . .	1,099,089	-	27,878	(1,071,211)
Central . . . . .	77,758	-	-	(77,758)
Operation of non-instructional services:				
Other non-instructional services . . . . .	163,983	-	166,109	2,126
Food service operations . . . . .	1,159,297	190,803	897,807	(70,687)
Extracurricular activities . . . . .	1,019,016	147,030	366	(871,620)
Interest and fiscal charges . . . . .	2,732,320	-	-	(2,732,320)
<b>Total governmental activities . . . . .</b>	<b>\$ 31,800,851</b>	<b>\$ 767,211</b>	<b>\$ 4,256,657</b>	<b>(26,776,983)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	8,031,558
Classroom facilities maintenance . . . . .	131,880
Debt service . . . . .	1,982,904
Capital outlay . . . . .	428,073
Payments in lieu of taxes . . . . .	59,184
Income taxes levied for:	
General purposes . . . . .	1,677,524
Grants and entitlements not restricted to specific programs . . . . .	12,915,643
Investment earnings . . . . .	150,842
Miscellaneous . . . . .	277,029
<b>Total general revenues . . . . .</b>	<b>25,654,637</b>
Change in net position . . . . .	(1,122,346)
<b>Net position at beginning of year . . . . .</b>	<b>50,343,443</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 49,221,097</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General	Bond Retirement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and investments. . . . .	\$ 16,183,040	\$ 241,189	\$ 10,644,750	\$ 4,726,245	\$ 31,795,224
Cash with escrow agent . . . . .	-	1,821,584	593,072	-	2,414,656
Receivables:					
Property taxes. . . . .	7,091,674	1,704,818	-	554,031	9,350,523
Income taxes . . . . .	620,316	-	-	-	620,316
Payment in lieu of taxes . . . . .	89,528	-	-	-	89,528
Accounts . . . . .	7,216	-	-	55,712	62,928
Intergovernmental. . . . .	318,744	-	5,255,091	642,466	6,216,301
Accrued interest . . . . .	8,597	9,276	7,461	-	25,334
Interfund loans . . . . .	577,125	-	-	-	577,125
Prepayments. . . . .	26,066	-	13,863	-	39,929
Materials and supplies inventory. . . . .	20,069	-	-	7,318	27,387
Total assets . . . . .	<u>\$ 24,942,375</u>	<u>\$ 3,776,867</u>	<u>\$ 16,514,237</u>	<u>\$ 5,985,772</u>	<u>\$ 51,219,251</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 432,030	-	-	\$ 63,068	\$ 495,098
Contracts payable. . . . .	-	-	2,282,441	82,487	2,364,928
Retainage payable. . . . .	-	-	593,072	-	593,072
Accrued wages and benefits payable . . . . .	1,763,817	-	-	235,513	1,999,330
Pension obligation payable . . . . .	429,093	-	-	38,891	467,984
Compensated absences payable . . . . .	41,325	-	-	6,265	47,590
Intergovernmental payable . . . . .	115,444	-	-	119,920	235,364
Interfund loans payable. . . . .	-	-	-	577,125	577,125
Total liabilities. . . . .	<u>2,781,709</u>	<u>-</u>	<u>2,875,513</u>	<u>1,123,269</u>	<u>6,780,491</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year. . . . .	5,854,761	1,397,508	-	463,945	7,716,214
Delinquent property tax revenue not available. . . . .	345,795	83,128	-	27,015	455,938
Accrued interest not available. . . . .	8,597	-	1,194	-	9,791
Income tax revenue not available . . . . .	116,006	-	-	-	116,006
Intergovernmental revenue not available . . . . .	278,917	-	5,160,754	602,401	6,042,072
Payment in lieu of taxes levied for the next fiscal year. . . . .	89,528	-	-	-	89,528
Total deferred inflows of resources . . . . .	<u>6,693,604</u>	<u>1,480,636</u>	<u>5,161,948</u>	<u>1,093,361</u>	<u>14,429,549</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	20,069	-	-	7,318	27,387
Prepays. . . . .	26,066	-	13,863	-	39,929
Restricted:					
Debt service . . . . .	-	2,296,231	-	-	2,296,231
Capital improvements . . . . .	-	-	8,462,913	3,587,427	12,050,340
Classroom facilities maintenance . . . . .	-	-	-	495,673	495,673
Food service operations . . . . .	-	-	-	165,761	165,761
Non-public schools . . . . .	-	-	-	8,505	8,505
Other purposes. . . . .	-	-	-	7,812	7,812
Extracurricular activities . . . . .	-	-	-	163,053	163,053
Committed:					
Capital improvements . . . . .	-	-	-	20,488	20,488
Extracurricular. . . . .	346,584	-	-	-	346,584
Student and staff support . . . . .	603,900	-	-	-	603,900
Termination benefits. . . . .	200,000	-	-	-	200,000
Facilities acquisition and construction . . . . .	1,143,514	-	-	-	1,143,514
Student instruction . . . . .	45,704	-	-	-	45,704
Assigned:					
Student instruction . . . . .	9,970	-	-	-	9,970
Student and staff support. . . . .	106,431	-	-	-	106,431
Extracurricular activities . . . . .	7,118	-	-	-	7,118
Facilities acquisition and construction . . . . .	4,120	-	-	-	4,120
Subsequent year's appropriations . . . . .	6,223,465	-	-	-	6,223,465
Employee benefits . . . . .	930,708	-	-	-	930,708
Unassigned (deficit). . . . .	5,799,413	-	-	(686,895)	5,112,518
Total fund balances . . . . .	<u>15,467,062</u>	<u>2,296,231</u>	<u>8,476,776</u>	<u>3,769,142</u>	<u>30,009,211</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 24,942,375</u>	<u>\$ 3,776,867</u>	<u>\$ 16,514,237</u>	<u>\$ 5,985,772</u>	<u>\$ 51,219,251</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	30,009,211
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			59,926,593
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	455,938	
Income taxes receivable		116,006	
Accrued interest receivable		9,791	
Intergovernmental receivable		6,042,072	
Total		6,042,072	6,623,807
Unamortized premiums on bonds issued are not recognized in the funds.			(923,137)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(390,220)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(37,211,225)	
Certificates of participation		(7,000,000)	
Energy conservation notes		(237,000)	
Capital lease obligation		(147,721)	
Compensated absences		(1,429,211)	
Total		(46,025,157)	(46,025,157)
<b>Net position of governmental activities</b>			<b>\$ 49,221,097</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 7,978,831	\$ 1,975,740	\$ -	\$ 556,056	\$ 10,510,627
Income taxes . . . . .	1,673,838	-	-	-	1,673,838
Payment in lieu of taxes . . . . .	57,765	1,072	-	347	59,184
Tuition . . . . .	366,274	-	-	-	366,274
Charges for services . . . . .	-	-	-	190,803	190,803
Earnings on investments . . . . .	121,782	2,201	33,640	50	157,673
Extracurricular . . . . .	42,782	-	-	144,607	187,389
Classroom materials and fees . . . . .	1,899	-	-	-	1,899
Rental income . . . . .	11,101	-	-	-	11,101
Contributions and donations . . . . .	202,940	-	-	186	203,126
Contract services . . . . .	9,745	-	-	-	9,745
Other local revenues . . . . .	56,928	-	16,766	6,720	80,414
Intergovernmental - state . . . . .	11,771,779	279,249	3,295,415	406,322	15,752,765
Intergovernmental - federal . . . . .	128,420	1,398,151	-	2,749,137	4,275,708
<b>Total revenues . . . . .</b>	<u>22,424,084</u>	<u>3,656,413</u>	<u>3,345,821</u>	<u>4,054,228</u>	<u>33,480,546</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	10,922,817	-	-	799,038	11,721,855
Special . . . . .	1,992,072	-	-	1,017,443	3,009,515
Vocational . . . . .	104,264	-	-	-	104,264
Other . . . . .	6,810	-	-	61,742	68,552
Support services:					
Pupil . . . . .	850,734	-	-	55,021	905,755
Instructional staff . . . . .	1,304,682	-	-	718,102	2,022,784
Board of education . . . . .	113,626	-	-	-	113,626
Administration . . . . .	1,826,324	-	-	243,729	2,070,053
Fiscal . . . . .	667,397	45,720	-	12,749	725,866
Operations and maintenance . . . . .	1,511,192	-	-	31,847	1,543,039
Pupil transportation . . . . .	983,621	-	-	24,965	1,008,586
Central . . . . .	77,428	-	-	-	77,428
Operation of non-instructional services:					
Other non-instructional services . . . . .	-	-	-	159,593	159,593
Food service operations . . . . .	-	-	-	1,142,334	1,142,334
Extracurricular activities . . . . .	857,578	-	-	151,890	1,009,468
Facilities acquisition and construction . . . . .	916,545	-	20,417,500	1,968,353	23,302,398
Debt service:					
Principal retirement . . . . .	55,174	525,000	-	-	580,174
Interest and fiscal charges . . . . .	23,746	2,551,404	-	-	2,575,150
<b>Total expenditures . . . . .</b>	<u>22,214,010</u>	<u>3,122,124</u>	<u>20,417,500</u>	<u>6,386,806</u>	<u>52,140,440</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	210,074	534,289	(17,071,679)	(2,332,578)	(18,659,894)
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	30,000	30,000
Transfers (out) . . . . .	(30,000)	-	-	-	(30,000)
<b>Total other financing sources (uses) . . . . .</b>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances . . . . .	180,074	534,289	(17,071,679)	(2,302,578)	(18,659,894)
<b>Fund balances at beginning of year . . . . .</b>	15,308,797	1,761,942	25,548,455	6,073,011	48,692,205
<b>Decrease in reserve for inventory . . . . .</b>	(21,809)	-	-	(1,291)	(23,100)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 15,467,062</u>	<u>\$ 2,296,231</u>	<u>\$ 8,476,776</u>	<u>\$ 3,769,142</u>	<u>\$ 30,009,211</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Net change in fund balances - total governmental funds** \$ (18,659,894)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$	23,298,289	
Current year depreciation		(742,408)	
Total			22,555,881

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (2,677,591)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (23,100)

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

Property taxes		63,788	
Income taxes		3,686	
Earnings on investments		(6,781)	
Intergovernmental		(2,847,577)	
Total			(2,786,884)

Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 580,174

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable		1,791	
Accreted interest on capital appreciation bonds		(194,017)	
Amortization of bond premiums		35,056	
Total			(157,170)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 46,238

**Change in net position of governmental activities** \$ (1,122,346)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 7,755,178	\$ 7,755,178	\$ 7,817,716	\$ 62,538
Income taxes . . . . .	1,552,045	1,552,045	1,629,674	77,629
Payment in lieu of taxes . . . . .	132,601	132,601	59,870	(72,731)
Tuition . . . . .	554,550	554,550	366,274	(188,276)
Earnings on investments . . . . .	68,435	68,435	74,975	6,540
Classroom materials and fees . . . . .	2,496	2,496	1,899	(597)
Rental income . . . . .	13,235	13,235	11,204	(2,031)
Contributions and donations . . . . .	200,700	200,700	202,500	1,800
Contract services . . . . .	9,486	9,486	9,671	185
Other local revenues . . . . .	111,988	111,988	103,339	(8,649)
Intergovernmental - state . . . . .	10,743,418	10,743,418	11,739,522	996,104
Intergovernmental - federal . . . . .	74,677	74,677	128,420	53,743
<b>Total revenues . . . . .</b>	<b>21,218,809</b>	<b>21,218,809</b>	<b>22,145,064</b>	<b>926,255</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	8,034,854	11,110,166	11,034,079	76,087
Special . . . . .	1,475,769	2,040,615	2,039,314	1,301
Vocational . . . . .	73,734	101,956	105,076	(3,120)
Other . . . . .	5,134	7,099	7,067	32
Support services:				
Pupil . . . . .	610,142	843,671	879,863	(36,192)
Instructional staff . . . . .	915,414	1,265,786	1,409,383	(143,597)
Board of education . . . . .	87,268	120,670	119,010	1,660
Administration . . . . .	1,563,047	2,161,297	2,171,635	(10,338)
Fiscal . . . . .	372,243	514,717	696,071	(181,354)
Operations and maintenance . . . . .	2,612,851	3,612,910	1,729,726	1,883,184
Pupil transportation . . . . .	665,051	919,597	1,189,683	(270,086)
Central . . . . .	31,605	43,702	77,477	(33,775)
Extracurricular activities . . . . .	1,050,859	1,453,071	1,210,170	242,901
Facilities acquisition and construction . . . . .	1,682,159	2,326,000	2,084,180	241,820
Debt service:				
Principal . . . . .	15,187	21,000	21,000	-
Interest and fiscal charges . . . . .	7,994	11,054	10,190	864
<b>Total expenditures . . . . .</b>	<b>19,203,311</b>	<b>26,553,311</b>	<b>24,783,924</b>	<b>1,769,387</b>
Excess expenditures over revenues . . . . .	2,015,498	(5,334,502)	(2,638,860)	2,695,642
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	127,732	127,732	39,436	(88,296)
Refund of prior year's receipts . . . . .	(58,647)	(58,647)	(148,647)	(90,000)
Transfers in . . . . .	-	-	4,718,891	4,718,891
Transfers (out) . . . . .	(5,175,360)	(5,175,360)	(4,848,891)	326,469
Advances in . . . . .	175,972	175,972	449,370	273,398
Advances (out) . . . . .	(449,370)	(449,370)	(577,125)	(127,755)
Other uses . . . . .	(5,000)	(5,000)	(4,350)	650
Sale of capital assets . . . . .	120,000	120,000	121,259	1,259
<b>Total other financing sources (uses) . . . . .</b>	<b>(5,264,673)</b>	<b>(5,264,673)</b>	<b>(250,057)</b>	<b>5,014,616</b>
Net change in fund balance . . . . .	(3,249,175)	(10,599,175)	(2,888,917)	7,710,258
<b>Fund balance at beginning of year . . . . .</b>	<b>14,023,535</b>	<b>14,023,535</b>	<b>14,023,535</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,241,688</b>	<b>1,241,688</b>	<b>1,241,688</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 12,016,048</b>	<b>\$ 4,666,048</b>	<b>\$ 12,376,306</b>	<b>\$ 7,710,258</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investements . . . . .	\$ 28,946	\$ 57,311
<b>Receivables:</b>		
Accounts . . . . .	-	716
Total assets. . . . .	28,946	\$ 58,027
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 152
Intergovernmental payable . . . . .	-	9
Due to students. . . . .	-	57,866
Total liabilities . . . . .	-	\$ 58,027
<b>Net position:</b>		
Held in trust for scholarships . . . . .	28,946	
Total net position. . . . .	\$ 28,946	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 1,819
Change in net position . . . . .	(1,819)
<b>Net position at beginning of year. . . . .</b>	<b>30,765</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 28,946</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

The Circleville City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District employs 107 non-certified and 183 certified employees to provide services to approximately 2,117 students and community groups. The District provides regular instruction, special instruction and vocational programs through the Pickaway-Ross Career and Technology Center. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, pupil transportation, food services, extracurricular activities and non-programmed services. The District cooperates with the Pickaway County Educational Service Center, a separate entity, for curricular services.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

South Central Ohio Computer Association

The District is a participant in the South Central Ohio Computer Association (“SCOCA”) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Jackson, Vinton, Pickaway, Gallia, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The District paid \$177,586 to SCOCA for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Pickaway County Public Employer Benefits Program (PCPEBP)

During fiscal year 2010, the District joined together with Teays Valley Local School District, Logan Elm Local School District and Westfall Local School District to form the PCPEBP, a new insurance consortium. The PCPEBP is a public entity shared risk pool organized to provide health care and dental insurance benefits to its member organizations. The Board of Directors exercises control over the operation of the PCPEBP. Each member school district is represented on the Board of Directors by their superintendent or superintendent designee.

Westfall Local School District serves as fiscal agent for the PCPEBP. To obtain financial information, write Brian Ramsay, Treasurer, Westfall Local School District, 19463 Pherson Pike, OH 43164.

Pickaway-Ross Career and Technology Center

The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Ben Van Horn, Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

*PUBLIC ENTITY RISK POOL*

Workers’ Compensation

The District participates in the Ohio Association of School Business Officials (OASBO)/ Sheakley UniServe Workers’ Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by Sheakley UniServe, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund -The bond retirement fund is used to account for the retirement of bonds.

Classroom facilities fund - A capital projects fund is used to account for and report monies received that are restricted for expenditures in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*FIDUCIARY FUNDS*

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

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



**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, payment in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income was earned (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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2014 is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2014.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed appropriations totals.

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

7. Appropriation amounts are as originally adopted, which are the permanent appropriations, or as amended by the Board of Education throughout the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, if the line item transfer does not exceed \$10,000. All supplemental appropriations were legally enacted. The final budget figures, which appear in the statements of budgetary comparisons, represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year. During the year, supplemental appropriations were legally enacted by the Board, none of which were significant.
8. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**F. Cash and Investments**

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

During fiscal year 2014, investments were limited to Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) Securities, U.S. Government money market funds, U.S. Government discount notes, U.S. Treasury Notes and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price 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 revenues credited to the general fund during fiscal year 2014 amounted to \$121,782, which includes \$18,835 assigned from other District funds.

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

**G. Inventory**

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government wide financial statements and the purchase method on the fund financial statements. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis and is expensed when purchased.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**H. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**I. Capital Assets**

General capital assets 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's capitalization threshold is \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

**J. Interfund Balances**

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

**K. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

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

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

**M. Fund Balance**

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

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

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

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

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

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

**N. Parochial School**

New Hope Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. These activities are reported as a governmental activity of the District.

**O. Estimates**

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

**P. Unamortized Bond Premiums**

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

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

**Q. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes consist of food services and education foundation.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

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

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

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

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 29,053
Data communication	56,160
Race to the top	41,476
Title VI-B	120,295
Title I	147,161
IDEA preschool grant for the handicapped	1,564
Improving teacher quality	142,870
Miscellaneous federal grants	148,316

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



**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

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

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

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

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

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

**A. Cash with Escrow Agents**

At year end, \$593,072 was on deposit with WesBanco Bank in relation to the retainage held for the District's Ohio Facilities Construction Commission project. These funds are not included in the "carrying amount of deposits".

At fiscal year end, \$1,821,584 was on deposit with an escrow agent for monies held in relation to the District's sinking fund deposits that are required for the District's Series 2010A bonds (See Note 11.B.) and the District's Certificates of Participation (See Note 11.E.).

These funds are not included in the "carrying amount of deposits".

**B. Cash on Hand**

At year end, the District had \$350 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**C. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$3,097,833. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$3,438,268 of the District's bank balance of \$3,688,268 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**D. Investments**

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 6,981,998	\$ 2,720,104	\$ 3,648,609	\$ -	\$ 613,285	\$ -
FHLB - discount notes	2,674,677	2,674,677	-	-	-	-
FHLMC	5,969,980	445,459	2,423,034	-	1,070,461	2,031,026
FHLMC - discount notes	449,929	449,929	-	-	-	-
FNMA	4,496,533	-	-	-	2,181,602	2,314,931
U.S. Government money market	417,685	417,685	-	-	-	-
U.S. Treasury discount notes	1,144,734	1,144,734	-	-	-	-
U.S. Treasury notes	975,838	-	-	975,838	-	-
STAR Ohio	<u>5,671,924</u>	<u>5,671,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,783,298</u>	<u>\$ 13,524,512</u>	<u>\$ 6,071,643</u>	<u>\$ 975,838</u>	<u>\$ 3,865,348</u>	<u>\$ 4,345,957</u>

The weighted average maturity of investments is 0.91 years.

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

*Credit Risk:* The District's investments in federal agency securities, U.S. Government discount notes, and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in STAR Ohio and U.S. government money market mutual funds obtained an AAAM money market rating by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, U.S. Government discount notes and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FHLB	\$ 6,981,998	24.26
FHLB - discount notes	2,674,677	9.29
FHLMC	5,969,980	20.74
FHLMC - discount notes	449,929	1.56
FNMA	4,496,533	15.62
U.S. Government money market	417,685	1.45
U.S. Treasury discount notes	1,144,734	3.98
U.S. Treasury notes	975,838	3.39
STAR Ohio	<u>5,671,924</u>	<u>19.71</u>
Total	<u>\$ 28,783,298</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,097,833
Investments	28,783,298
Cash with escrow agent	2,414,656
Cash on hand	<u>350</u>
Total	<u>\$ 34,296,137</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 34,209,880
Private-purpose trust fund	28,946
Agency fund	<u>57,311</u>
Total	<u>\$ 34,296,137</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2014 consisted of the following interfund loans receivable and payable, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 577,125</u>

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

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

- B. Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported in the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 30,000</u>

The primary purpose of these transfers is to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2014 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

The District receives property taxes from Pickaway County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$891,118 in the general fund, \$224,182 in the bond retirement fund and \$63,071 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$730,003 in the general fund, \$186,249 in the bond retirement fund and \$51,767 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 242,345,380	95.09	\$ 242,070,330	94.86
Public utility personal	<u>12,501,170</u>	<u>4.91</u>	<u>13,109,740</u>	<u>5.14</u>
Total	<u>\$ 254,846,550</u>	<u>100.00</u>	<u>\$ 255,180,070</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$60.14		\$60.64	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

In November 2005, the District passed a .75% continuing earned income only tax for general operations of the District. Employers and residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax is credited to the general fund.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2014 consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 9,350,523
Income taxes	620,316
Payment in lieu of taxes	89,528
Accounts	62,928
Intergovernmental	6,216,301
Accrued interest	<u>25,334</u>
 Total	 <u><u>\$ 16,364,930</u></u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the Ohio Facilities Construction Commission intergovernmental receivable of \$5,255,091, which will be collected over the duration of the construction project.

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During a prior fiscal year, the District entered into a capitalized lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement in the general fund.

Capital assets consisting of furniture and equipment have been capitalized in the amount of \$181,895. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$54,569, leaving a current book value of \$127,326. A corresponding liability was recorded in the government-wide statement of net position.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 44,057
2016	44,058
2017	44,058
2018	<u>40,386</u>
Total minimum lease payments	172,559
Less: amount representing interest	<u>(24,838)</u>
Total	<u><u>\$ 147,721</u></u>

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 10 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,729,514	\$ -	\$ -	\$ 1,729,514
Construction in progress	<u>35,217,149</u>	<u>22,137,373</u>	<u>(51,747,764)</u>	<u>5,606,758</u>
Total capital assets, not being depreciated	<u>36,946,663</u>	<u>22,137,373</u>	<u>(51,747,764)</u>	<u>7,336,272</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,214,239	4,018,950	(868,294)	4,364,895
Buildings and improvements	9,400,771	47,724,705	(7,264,874)	49,860,602
Furniture and equipment	899,191	929,054	(683,488)	1,144,757
Vehicles	<u>1,125,777</u>	<u>235,971</u>	<u>(50,394)</u>	<u>1,311,354</u>
Total capital assets, being depreciated	<u>12,639,978</u>	<u>52,908,680</u>	<u>(8,867,050)</u>	<u>56,681,608</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,201,525)	-	868,294	(333,231)
Buildings and improvements	(6,836,082)	(611,190)	4,891,657	(2,555,615)
Furniture and equipment	(588,344)	(43,364)	406,205	(225,503)
Vehicles	<u>(912,387)</u>	<u>(87,854)</u>	<u>23,303</u>	<u>(976,938)</u>
Total accumulated depreciation	<u>(9,538,338)</u>	<u>(742,408)</u>	<u>6,189,459</u>	<u>(4,091,287)</u>
Governmental activities capital assets, net	<u>\$ 40,048,303</u>	<u>\$ 74,303,645</u>	<u>\$(54,425,355)</u>	<u>\$ 59,926,593</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 346,538
Special	83,165
Vocational	3,277
<u>Support services:</u>	
Pupil	25,457
Instructional staff	59,535
Administration	57,640
Operations and maintenance	46,923
Pupil transportation	87,854
<u>Operation of non-instructional services:</u>	
Food service operations	17,954
Other non-instructional services	4,390
Extracurricular	<u>9,675</u>
Total depreciation expense	<u>\$ 742,408</u>



**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	Balance <u>6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/14</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds:					
Series 2010 A Bonds					
Current interest bonds	\$ 11,260,000	\$ -	\$ -	\$ 11,260,000	\$ -
Series 2010 B Bonds					
Current interest bonds	1,050,000	-	(525,000)	525,000	525,000
Capital appreciation bonds	307,618	-	-	307,618	-
Accreted interest	324,590	194,017	-	518,607	-
Series 2010 C Bonds					
Current interest bonds	<u>24,600,000</u>	<u>-</u>	<u>-</u>	<u>24,600,000</u>	<u>-</u>
Total general obligation bonds	<u>37,542,208</u>	<u>194,017</u>	<u>(525,000)</u>	<u>37,211,225</u>	<u>525,000</u>
Certificates of participation	7,000,000	-	-	7,000,000	-
Energy conservation note	258,000	-	(21,000)	237,000	22,000
Capital lease	181,895	-	(34,174)	147,721	33,448
Compensated absences	<u>1,623,021</u>	<u>124,989</u>	<u>(271,209)</u>	<u>1,476,801</u>	<u>172,579</u>
Total governmental activities long-term liabilities	<u>\$ 46,605,124</u>	<u>\$ 319,006</u>	<u>\$ (851,383)</u>	46,072,747	<u>\$ 753,027</u>
Add: unamortized premiums				<u>923,137</u>	
Total on statement of net position				<u>\$ 46,995,884</u>	

Compensated absences: Compensated absences will be paid from the fund which the employee's salaries are paid which, for the District, is primarily the general fund and the food service fund.

Capital lease: The capital lease obligation will be paid from the general fund. See Note 9 for details.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

- B. Series 2010A Qualified School Construction Bonds** - On August 11, 2010, the District issued \$11,260,000 in general obligation Qualified School Construction Bonds (QSCBs) for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund.

The issue is comprised of current interest term bonds, par value \$11,260,000. The interest rate on the current interest bonds is 5.650%.

The QSCBs mature on November 1, 2025 in the amount of \$11,260,000. Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District records this subsidy from the federal government in the bond retirement fund to offset interest expenditures on the bonds. The QSCBs are subject to optional redemption and extraordinary optional redemption, at the sole discretion of the District, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. On November 1 in each year 2011 through 2025, the District is required to make a mandatory deposit into a sinking fund that will provide for payment of the QSCBs upon maturity. The QSCBs are subject to mandatory sinking fund requirements in the following fiscal years and in the following amounts:

<u>Fiscal Year</u>	<u>Amounts Due</u>
2015	\$ 350,000
2016	360,000
2017	400,000
2018	400,000
2019	1,050,000
2020 - 2024	5,330,000
2025 - 2026	2,320,000
	<u>\$10,210,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010A QSCBs:

<u>Fiscal Year</u>	<u>Current Interest - Series 2010A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 636,190	\$ 636,190
2016	-	636,190	636,190
2017	-	636,190	636,190
2018	-	636,190	636,190
2019	-	636,190	636,190
2020 - 2024	-	3,180,950	3,180,950
2025 - 2026	11,260,000	954,285	12,214,285
Total	<u>\$ 11,260,000</u>	<u>\$ 7,316,185</u>	<u>\$ 18,576,185</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

- C. Series 2010B School Facilities Construction and Improvement Bonds - On August 26, 2010, the District issued \$2,057,618 in general obligation serial bonds, for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund.

The issue is comprised of both current interest serial bonds, par value \$1,750,000, and capital appreciation bonds par value \$307,618. The interest rates on the current interest bonds range from 1.75%-3.14%. The capital appreciation bonds mature on November 1, 2015 (stated interest rate 28.695%), November 1, 2016 (stated interest rate 28.695%) and November 1, 2017 (stated interest rate 28.695%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,565,000. Total accreted interest of \$518,607 for Series 2010B capital appreciation bonds has been included on the statement of net position at June 30, 2014.

Interest payments on the current interest serial bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2017.

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010B Bonds:

Fiscal Year	Current Interest - Series 2010 B			Capital Appreciation - Series 2010 B		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 525,000	\$ 4,593	\$ 529,593	\$ -	\$ -	\$ -
2016	-	-	-	134,616	405,384	540,000
2017	-	-	-	100,097	424,903	525,000
2018	-	-	-	72,905	427,095	500,000
Total	<u>\$ 525,000</u>	<u>\$ 4,593</u>	<u>\$ 529,593</u>	<u>\$ 307,618</u>	<u>\$ 1,257,382</u>	<u>\$ 1,565,000</u>

- D. Series 2010C Build America Bonds - On August 26, 2010, the District issued \$24,600,000 in general obligation Build America Bonds (BABs), for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund.

The issue is comprised of current interest bonds, par value \$24,600,000. The interest rates on the current interest bonds range from 5.30-6.30%. The District receives a direct payment subsidy from the United States Treasury equal to thirty-five percent of the corresponding interest payments due on the BABs. The District records this subsidy from the federal government in the bond retirement fund to offset interest expenditures on the bonds.

Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2040.

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

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

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010C BABs:

Fiscal Year	Current Interest - Series 2010 C		
	Principal	Interest	Total
2015	\$ -	\$ 1,493,422	\$ 1,493,422
2016	-	1,493,422	1,493,422
2017	-	1,493,422	1,493,422
2018	-	1,493,422	1,493,422
2019	-	1,493,422	1,493,422
2020 - 2024	-	7,467,110	7,467,110
2025 - 2029	3,535,000	7,178,075	10,713,075
2030 - 2034	7,290,000	5,418,358	12,708,358
2035 - 2039	9,340,000	2,909,650	12,249,650
2040 - 2041	4,435,000	282,082	4,717,082
Total	\$ 24,600,000	\$ 30,722,385	\$ 55,322,385

- E. Series 2010 Certificates of Participation ("COPs")** - On February 15, 2011, the District issued \$7,000,000 in Certificates of Participation ("COPs") for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund. The interest rate on the COPs is 7.00%.

The COPs require the District to make mandatory sinking fund deposits beginning December 1, 2011. The sinking fund deposits will result in a balloon principal payment of \$7,000,000 made on December 1, 2026. Sinking fund deposits will be made on December 1, in the following fiscal years and in the following amounts:

Fiscal Year	Amounts Due
2015	\$ 313,497
2016	321,334
2017	450,621
2018	461,886
2019	473,434
2020 - 2024	2,550,735
2025 - 2027	1,688,635
Total	\$ 6,260,142

Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

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

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010 COPs:

Fiscal Year	Series 2010 COPs		
	Principal	Interest	Total
2015	\$ -	\$ 490,000	\$ 490,000
2016	-	490,000	490,000
2017	-	490,000	490,000
2018	-	490,000	490,000
2019	-	490,000	490,000
2020 - 2024	-	2,450,000	2,450,000
2025 - 2027	7,000,000	1,225,000	8,225,000
Total	\$ 7,000,000	\$ 6,125,000	\$ 13,125,000

- F.** During fiscal year 2008, the District issued energy conservation notes to provide for energy improvements to various District buildings. The notes bear an interest rate of 4.117% and will mature on December 1, 2022. The primary source of repayment of these notes is through energy savings as a result of the improvements. Energy improvements made to the District's buildings from the note issue were for maintenance and repairs and therefore were not capitalized.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the general fund. The unmatured obligations at year end are accounted for in the statement of net position.

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year <u>Ending June 30,</u>	Energy Conservation Notes		
	Principal	Interest	Total
2015	\$ 22,000	\$ 9,304	\$ 31,304
2016	23,000	8,378	31,378
2017	24,000	7,411	31,411
2018	25,000	6,402	31,402
2019	26,000	5,352	31,352
2020 - 2023	117,000	9,902	126,902
Total	\$ 237,000	\$ 46,749	\$ 283,749

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**G. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Revised Code Section 133.06(I) permits school districts to incur net indebtedness in excess of the 9% limitation, without obtaining the consent of the State Superintendent and the Tax Commissioner, when bond proceeds will be used exclusively to fund a school district's Commission-required local effort. Accordingly, the proceeds of the bonds will be used exclusively to fund the District's Commission-required local effort, and, as a result, are not subject to State consents/special needs approval.

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**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 12 - CONTRACTUAL COMMITMENTS**

As of June 30, 2014, the District was obligated for the following contracts:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Payments as of 06/30/14</u>	<u>Contract Balance 06/30/14</u>
Aggressive Mechanical, Inc.	\$ 1,330,307	\$ 1,297,595	\$ 32,712
The Altman Company	9,270,000	9,116,794	153,206
C & T Design and Equipment Co.	588,730	508,681	80,049
City Electric Service, Inc.	6,942,794	5,314,802	1,627,992
Darby Creek Excavating, Inc	84,000	-	84,000
ESI, Inc.	2,343,000	1,369,178	973,822
Feldkamp Enterprises, Inc.	3,709,046	3,147,308	561,738
G/C Contracting, Corp.	6,376,368	1,110,536	5,265,832
Gutridge Plumbing, Inc.	378,759	212,870	165,889
H & A Mehcanical, Inc.	5,013,283	3,626,131	1,387,152
Library Design Associates, Inc.	59,738	51,675	8,063
Louis R. Polster Co.	480,700	436,659	44,041
Midwest Geodrill, Inc.	940,631	928,738	11,893
Monarch Construction Company	12,150,427	11,909,371	241,056
Settle-Muter Electric, LTD.	1,002,332	9,664	992,668
Tom Sexton & Associates	210,764	201,907	8,857
Zimmerman School Equipment	<u>878,197</u>	<u>356,754</u>	<u>521,443</u>
	<u>\$ 51,759,076</u>	<u>\$ 39,598,663</u>	<u>\$ 12,160,413</u>

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The administrators are generally granted a minimum of 20 days of vacation per year.

Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. Vacation time, which is unused as of the employee's anniversary date, can be carried over to a subsequent year, with a maximum of 3 years accrual (60 days). Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
1 - 6	10
7 - 10	15
11 - 15	18
16 - beyond	20

Each employee earns sick leave at the rate of one and quarter days per month. Sick leave shall accumulate during active employment on a continuous year-to-date basis. Maximum sick leave accumulation for all employees is 252 days, if hired prior to July 1, 2013. If hired after July 1, 2013, the maximum sick leave accumulation is 120 days for classified employees.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement, if the employee has been employed by the District for a minimum of 10 consecutive years at the time of retirement. Employees will receive 23.75% of the value for each day of accrued sick leave, not to exceed 60 days.

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in the aggregate. In addition, the District maintains a \$1,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and \$1,000,000 for excess auto liability.

The District maintains replacement cost insurance on buildings and contents in the amount of \$63,852,000.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Health Care Benefits**

Effective July 1, 2009, the District began offering health care benefits to employees through the PCPEBP, a public entity shared risk pool, currently operating as a common risk management and insurance program for 4 member school districts. The PCPEBP was organized to provide health care benefits to its members.



**CIRCLEVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 14 - RISK MANAGEMENT - (Continued)**

The District pays 80% of the health care premiums for all full-time employees on the family plan and 92% for full time employees on the single plan. This percentage is pro-rated for part-time employees. The health care coverage is administered by United Healthcare, a third party administrator. The stop-loss coverage is \$150,000 per covered person and an aggregate of \$2,000,000.

**C. Workers' Compensation Rating Program**

For fiscal year 2014, the District participated in the OASBO/Sheakley UniServe Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NOTE 15 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$384,281, \$363,093 and \$398,269, respectively; 76.28 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 15 - PENSION PLANS - (Continued)**

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

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

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,453,836, \$1,480,928 and \$1,424,232, respectively; 81.14 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$28,632 made by the District and \$22,497 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$42,735, \$49,221 and \$71,203, respectively; 76.28 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$22,294, \$20,511 and \$23,520, respectively; 76.28 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$111,834, \$113,918 and \$109,556, respectively; 81.14 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (2,888,917)
Net adjustment for revenue accruals	(230,954)
Net adjustment for expenditure accruals	(147,128)
Net adjustment for other sources/uses	220,057
Funds budgeted elsewhere	579,287
Adjustment for encumbrances	2,647,729
GAAP basis	<u>\$ 180,074</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the public school support fund and the self-insurance fund.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2014.

**B. Litigation**

The District is not involved in pending litigation that would have a material effect on the financial condition of the District.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 19 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	365,438
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(273,176)
Excess qualified expenditures from prior years	-
Current year offsets	(544,752)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (452,490)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

During fiscal year 2011, the District issued \$44,917,618 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$44,917,618 at June 30, 2014.

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

**NOTE 20 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 2,245,035
Classroom facilities	9,169,469
Other governmental	<u>1,165,380</u>
Total	<u>\$ 12,579,884</u>

**NOTE 21 - SUBSEQUENT EVENT**

On July 14, 2014, the District issued Refunding Bonds, Series 2014, in the amount of \$9,915,000. These bonds bear variable interest rates and mature on November 1, 2032.

## **SUPPLEMENTARY DATA**



**CIRCLEVILLE CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Child Nutrition Grant Cluster:</i>				
(D) (E) School Breakfast Program	10.553	2014	\$ 262,981	\$ 262,981
(C) (E) National School Lunch Program - Donations	10.555	2014	56,533	56,533
(D) (E) National School Lunch Program	10.555	2014	552,097	552,097
<b>Total National School Lunch Program</b>			608,630	608,630
(D) (E) Summer Food Program	10.559	2014	5,443	5,443
<b>Total U.S. Department of Agriculture and Child Nutrition Grant Cluster</b>			877,054	877,054
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(H) Title I Grants to Local Educational Agencies	84.010	2013	166,916	53,873
(H) Title I Grants to Local Educational Agencies	84.010	2014	442,647	490,525
<b>Total Title I Grants to Local Educational Agencies</b>			609,563	544,398
<i>Special Education Grant Cluster:</i>				
(F)(H) Special Education_Grants to States	84.027	2013	179,429	74,968
(F)(H) Special Education_Grants to States	84.027	2014	359,154	400,467
<b>Total Special Education Grants to States</b>			538,583	475,435
(F) Special Education_Preschool Grants	84.173	2013	659	-
(F) Special Education_Preschool Grants	84.173	2014	10,728	12,292
<b>Total Special Education_Preschool Grants</b>			11,387	12,292
<b>Total Special Education Grant Cluster</b>			549,970	487,727
Twenty-First Century Community Learning Centers	84.287	2013	159,142	82,706
Twenty-First Century Community Learning Centers	84.287	2014	297,905	428,216
<b>Total Twenty-First Century Community Learning Centers</b>			457,047	510,922

-continued

**CIRCLEVILLE CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Improving Teacher Quality State Grants	84.367	2013	35,085	20,694
Improving Teacher Quality State Grants	84.367	2014	89,467	99,408
<b>Total Improving Teacher Quality State Grants</b>			<u>124,552</u>	<u>120,102</u>
<i>Teacher Incentive Fund Cluster:</i>				
(G) Teacher Incentive Fund	84.374A	2013	72,302	457
(G) Teacher Incentive Fund	84.374A	2014	332,017	392,544
<b>Total Teacher Incentive Fund</b>			<u>404,319</u>	<u>393,001</u>
(G) ARRA - Teacher Incentive Fund, Recovery Act	84.385A	2013	20,053	16,398
(G) ARRA - Teacher Incentive Fund, Recovery Act	84.385A	2014	15,912	15,943
<b>Total ARRA - Teacher Incentive Fund, Recovery Act</b>			<u>35,965</u>	<u>32,341</u>
<i>Total Teacher Incentive Fund Cluster</i>				
			<u>440,284</u>	<u>425,342</u>
ARRA - Race to the Top, Recovery Act	84.395A	2013	12,055	481
ARRA - Race to the Top, Recovery Act	84.395A	2014	40,769	79,740
<b>Total ARRA - Race to the Top Recovery Act</b>			<u>52,824</u>	<u>80,221</u>
<b>Total U.S. Department of Education</b>			<u>2,234,240</u>	<u>2,168,712</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 3,111,294</u>	<u>\$ 3,045,766</u>

**Notes to the Schedule of Receipts and Expenditures of Federal Awards:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2014.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) Included as part of "Teacher Incentive Fund Cluster" in determining major programs
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2014, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2013	\$ 594	
Title I Grants to Local Educational Agencies	84.010	2014		\$ 594
Special Education_Grants to States	84.027	2013	9,174	
Special Education_Grants to States	84.027	2014		9,174



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and On  
Compliance and Other Matters Required by *Government Auditing Standards***

Circleville City School District  
Pickaway County  
388 Clark Drive  
Circleville, Ohio 43113

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Circleville City School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Circleville City School District's basic financial statements and have issued our report thereon dated December 23, 2014.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Circleville City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Circleville City School 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 Circleville City School 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

Board of Education  
Circleville City School District

***Compliance and Other Matters***

As part of reasonably assuring whether the Circleville City School 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*.

***Circleville City School District's Response to Finding***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
December 23, 2014



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**Independent Auditor's Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Circleville City School District  
Pickaway County  
388 Clark Drive  
Circleville, Ohio 43113

To the Board of Education:

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

We have audited the Circleville City School District's 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 each of the Circleville City School District's major federal programs for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and responses identifies the Circleville City School District's major federal programs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to opine on the Circleville City School District's compliance for each of the Circleville City School District's major federal programs 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 Circleville City School 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 Circleville City School District's major programs. However, our audit does not provide a legal determination of the Circleville City School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Circleville City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2014.

Board of Education  
Circleville City School District

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

The Circleville City School 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 Circleville City School 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 Circleville City School 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.



Julian & Grube, Inc.  
December 23, 2014

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies, CFDA #84.010; Special Education Cluster: Special Education Grants to States, CFDA #84.027 and Special Education Preschool Grants, CFDA #84.173
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**CIRCLEVILLE CITY SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2014-001

Significant Deficiency - Financial Reporting

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. It is important that control procedures are developed related to capital assets that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

The District had an audit adjustment to its financial statements related to its capital assets and appraisal.

Current fiscal year activity was initially reported as prior year activity.

We recommend the District perform a detailed timely review of its financial report prior to its submission to the auditor's.

Client Response: The District is in the process of significant building construction and reconstruction. The District took a proactive approach and obtained an appraisal report of its assets. Unfortunately, the timing of the appraisal report and the demolition of buildings enabled some initial discrepancies in how the capital assets were reported. The District Treasurer did discover these discrepancies; however, the discovery was not as timely as it could have been. We will perform a more detailed and timely review of the financial statements prior to submitting to the auditors in the future to help ensure more accurate and timely financial reporting

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None





# Dave Yost • Auditor of State

**CIRCLEVILLE CITY SCHOOL DISTRICT**

**PICKAWAY 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  
MAY 19, 2015**