



Dave Yost • Auditor of State

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plymouth-Shiloh Local School District, Richland County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plymouth-Shiloh Local School District, Richland County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Federal Awards Receipts and Expenditures 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 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 February 14, 2014 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 14, 2014

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The management's discussion and analysis of Plymouth-Shiloh Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position decreased \$511,708. Net position of governmental activities decreased \$510,936, which represents a 2.45% decrease from 2012. Net position of business-type activities decreased \$772 or 1.45% from 2012.
- General governmental revenues accounted for \$7,369,142 in revenue or 76.30% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,289,076 or 23.70% of total revenues of \$9,658,218.
- The District had \$10,169,154 in expenses related to governmental activities; only \$2,289,076 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,369,142 were not adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$8,268,248 in revenues and other financing sources and \$8,242,144 in expenditures and other financing uses. The general fund's fund balance increased \$26,104 from a balance of \$2,629,458 to a balance of \$2,655,562.
- Net position for the District's enterprise fund decreased \$772. The special enterprises fund had \$12,814 in revenues and \$13,586 in expenses.

Using the 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 is by far the most significant fund, and the only governmental fund reported as a major fund.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)

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 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprises operations are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 17-19 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the analysis of the District's nonmajor enterprise fund begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)

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 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 financial statements. The basic governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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 29-62 of this report.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	2012	2013	Restated 2012
Assets						
Current assets	\$ 6,468,542	\$ 6,553,715	\$ 45,595	\$ 45,125	\$ 6,514,137	\$ 6,598,840
Capital assets, net	<u>18,504,040</u>	<u>18,937,373</u>	<u>7,225</u>	<u>8,075</u>	<u>18,511,265</u>	<u>18,945,448</u>
Total assets	<u>24,972,582</u>	<u>25,491,088</u>	<u>52,820</u>	<u>53,200</u>	<u>25,025,402</u>	<u>25,544,288</u>
Deferred outflows of resources						
Deferred outflows of resources	<u>54,985</u>	<u>60,824</u>	-	-	<u>54,985</u>	<u>60,824</u>
Liabilities						
Current liabilities	1,029,641	1,002,019	392	-	1,030,033	1,002,019
Long-term liabilities	<u>2,413,841</u>	<u>2,389,607</u>	-	-	<u>2,413,841</u>	<u>2,389,607</u>
Total liabilities	<u>3,443,482</u>	<u>3,391,626</u>	<u>392</u>	-	<u>3,443,874</u>	<u>3,391,626</u>
Deferred inflows of resources						
Deferred inflows of resources	<u>1,203,891</u>	<u>1,269,156</u>	-	-	<u>1,203,891</u>	<u>1,269,156</u>
Net Position						
Net investment in capital assets	16,849,534	17,364,714	7,225	8,075	16,856,759	17,372,789
Restricted	1,174,736	1,007,733	-	-	1,174,736	1,007,733
Unrestricted	<u>2,355,924</u>	<u>2,518,683</u>	<u>45,203</u>	<u>45,125</u>	<u>2,401,127</u>	<u>2,563,808</u>
Total net position	<u>\$ 20,380,194</u>	<u>\$ 20,891,130</u>	<u>\$ 52,428</u>	<u>\$ 53,200</u>	<u>\$ 20,432,622</u>	<u>\$ 20,944,330</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$20,432,622. Of this total, \$20,380,194 is in governmental activities and \$52,428 is in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the District's assets. At year-end, capital assets represented 73.97% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2013, was \$16,849,534 in the governmental activities and \$7,225 in the business-type activities. These capital assets are used to provide services to 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.

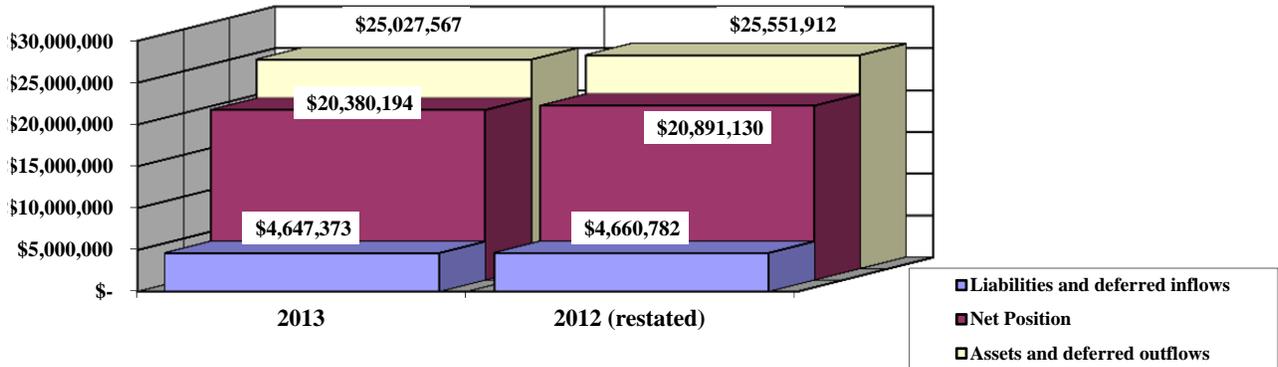
A portion of the District's net position, \$1,174,736, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$2,355,924 may be used to meet the District's ongoing obligations to the students and creditors.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

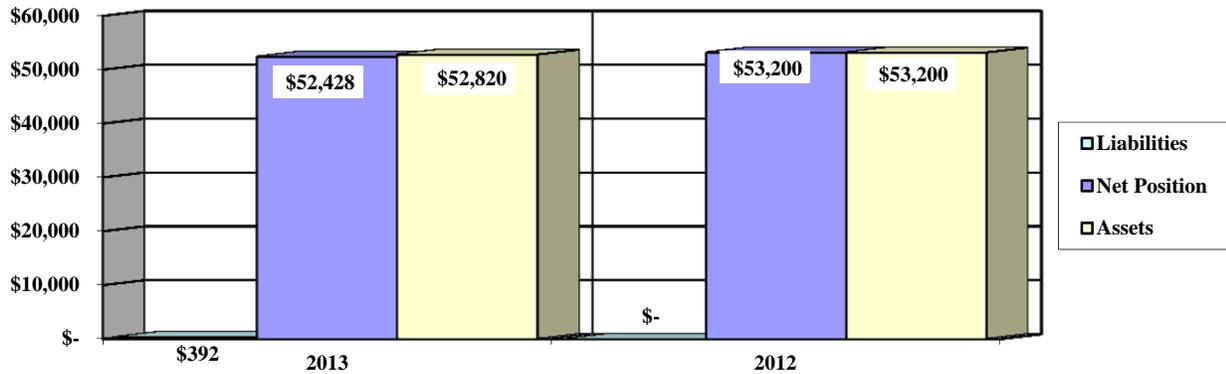
This table below provides a summary of the District's governmental assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2013 and June 30, 2012. Assets and net position at June 30, 2012 have been restated as described in Note 3.A.

Governmental - Net Position



This table below provides a summary of the District's business-type assets, liabilities and net position at June 30, 2013 and June 30, 2012.

Business-Type - Net Position



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The table below shows the change in net position for governmental activities and business-type activities fiscal year 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>Restated</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated</u>
		<u>2012</u>				<u>2012</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 774,134	\$ 694,412	\$ -	\$ -	\$ 774,134	\$ 694,412
Operating grants and contributions	1,514,942	1,571,893	12,814	22,795	1,527,756	1,594,688
Capital grants and contributions	-	1,186	-	-	-	1,186
General revenues:						
Property taxes	1,764,088	1,008,270	-	-	1,764,088	1,008,270
Income taxes	909,707	813,260	-	-	909,707	813,260
Grants and entitlements	4,679,391	4,877,813	-	-	4,679,391	4,877,813
Investment earnings	4,006	8,341	-	-	4,006	8,341
Other	11,950	-	-	-	11,950	-
Total revenues	9,658,218	8,975,175	12,814	22,795	9,671,032	8,997,970

Change in Net Position

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>Restated</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated</u>
Expenses						
Program expenses:						
Instruction:						
Regular	3,779,772	3,840,787	-	-	3,779,772	3,840,787
Special	1,054,865	897,473	-	-	1,054,865	897,473
Vocational	149,140	178,921	-	-	149,140	178,921
Other	491,138	516,517	-	-	491,138	516,517
Support services:						
Pupil	493,019	498,455	-	-	493,019	498,455
Instructional staff	502,021	531,180	-	-	502,021	531,180
Board of Education	19,361	17,944	-	-	19,361	17,944
Administration	796,038	731,017	-	-	796,038	731,017
Fiscal	235,646	232,847	-	-	235,646	232,847
Business	5,450	6,545	-	-	5,450	6,545
Operations and maintenance	1,034,122	980,200	-	-	1,034,122	980,200
Pupil transportation	509,408	408,586	-	-	509,408	408,586
Central	15,768	56,599	-	-	15,768	56,599
Operation of non-instructional service:						
Other non-instructional services	1,996	-	-	-	1,996	-
Food service operations	548,289	514,285	-	-	548,289	514,285
Extracurricular activities	426,137	428,636	-	-	426,137	428,636
Interest and fiscal charges	106,984	145,479	-	-	106,984	145,479
Special enterprises	-	-	13,586	16,904	13,586	16,904
Total expenses	10,169,154	9,985,471	13,586	16,904	10,182,740	10,002,375
Changes in net position	(510,936)	(1,010,296)	(772)	5,891	(511,708)	(1,004,405)
Net position beginning of year (restated)	20,891,130	21,901,426	53,200	47,309	20,944,330	21,948,735
Net position at end of year	\$ 20,380,194	\$ 20,891,130	\$ 52,428	\$ 53,200	\$ 20,432,622	\$ 20,944,330

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Governmental Activities

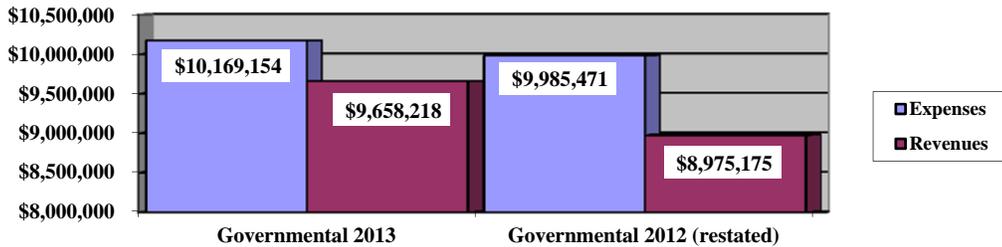
Net position of the District's governmental activities decreased \$510,936. Total governmental expenses of \$10,169,154 were offset by program revenues of \$2,289,076 and general revenues of \$7,369,142. Program revenues supported 22.51% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 76.13% of total governmental revenues. Real estate property is reappraised every six years. Property tax revenue increased due to a change in law regarding delinquent property taxes for the District for fiscal year 2012. This created a large decrease in property taxes from fiscal year 2011 to 2012. During fiscal year 2013, the amount of property taxes increased back to a normal level comparable to fiscal year 2011.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,474,915 or 53.84% of total governmental expenses for fiscal year 2013.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012.

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 for 2013 compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

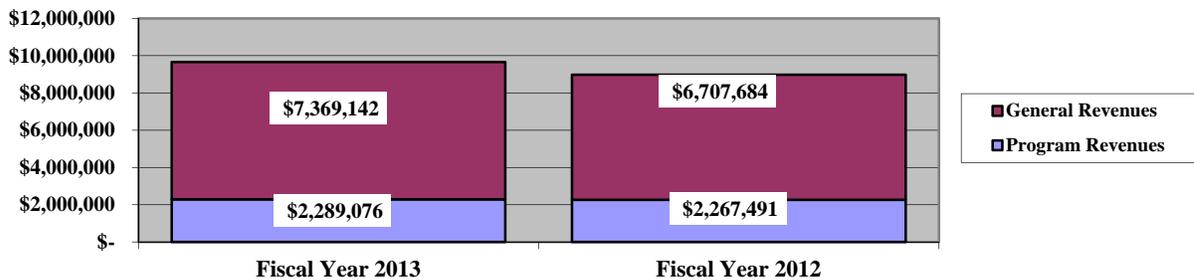
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Restated Total Cost of Services	Restated Net Cost of Services
	2013	2013	2012	2012
Program expenses:				
Instruction:				
Regular	\$ 3,779,772	\$ 2,991,385	\$ 3,840,787	\$ 3,107,746
Special	1,054,865	528,058	897,473	365,694
Vocational	149,140	88,461	178,921	117,887
Other	491,138	491,138	516,517	516,517
Support services:				
Pupil	493,019	493,019	498,455	495,887
Instructional staff	502,021	249,314	531,180	270,571
Board of Education	19,361	19,361	17,944	17,944
Administration	796,038	754,061	731,017	687,299
Fiscal	235,646	235,646	232,847	232,847
Business	5,450	5,450	6,545	6,545
Operations and maintenance	1,034,122	1,034,122	980,200	979,014
Pupil transportation	509,408	489,564	408,586	391,217
Central	15,768	15,768	56,599	49,399
Operation of non-instructional service:				
Other non-instruction services	1,996	(49)	-	-
Food service operations	548,289	73,753	514,285	38,844
Extracurricular activities	426,137	304,043	428,636	295,090
Interest and fiscal charges	106,984	106,984	145,479	145,479
Total expenses	\$ 10,169,154	\$ 7,880,078	\$ 9,985,471	\$ 7,717,980

The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2013 for governmental activities is apparent, as 74.87% of 2013 instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 77.49% in fiscal year 2013.

The graph below presents the District's governmental activities revenue for fiscal year 2013 and 2012

Governmental Activities - General and Program Revenues



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Business-Type Activities

Business-type activities include the nonmajor special enterprises operation. This program had operating revenues of \$12,814 and operating expenses of \$13,586 for fiscal year 2013. The District's business activities receive no support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 20) reported a combined fund balance of \$3,815,516, which is less than last year's total balance of \$3,888,387. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase (Decrease)</u>
General	\$ 2,655,562	\$ 2,629,458	\$ 26,104
Other Governmental	<u>1,159,954</u>	<u>1,258,929</u>	<u>(98,975)</u>
Total	<u>\$ 3,815,516</u>	<u>\$ 3,888,387</u>	<u>\$ (72,871)</u>

General Fund

The District's general fund balance increased \$26,104. Property tax revenue increased mainly due to changes in advances available over the past few years as well as general fluctuations in amounts collected. Tuition revenues increased 40.30% mainly due to an increase in open enrollment. Earnings on investments increased 49.21% due to improvements in investment earnings. The increase in capital outlay is due to the acquisition of a new capital lease for copiers.

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

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 2,538,165	\$ 2,272,241	11.70 %
Tuition	445,499	317,543	40.30 %
Interest earnings	3,487	2,337	49.21 %
Intergovernmental	5,060,377	5,291,693	(4.37) %
Other revenues	<u>70,902</u>	<u>85,031</u>	(16.62) %
Total	<u>\$ 8,118,430</u>	<u>\$ 7,968,845</u>	1.88 %
<u>Expenditures</u>			
Instruction	\$ 4,640,168	\$ 4,594,274	1.00 %
Support services	3,115,709	2,984,865	4.38 %
Extracurricular activities	236,071	241,798	(2.37) %
Facilities acquisition and construction	-	1,847	(100.00) %
Capital outlay	149,818	-	100.00 %
Debt service	<u>84,378</u>	<u>73,391</u>	14.97 %
Total	<u>\$ 8,226,144</u>	<u>\$ 7,896,175</u>	4.18 %

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

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.

For the general fund, original budgeted revenues and other financing sources were \$7,983,587 and final budgeted revenues and other financing sources were \$7,981,587. Actual revenues and other financing sources for fiscal year 2013 were \$8,043,996. This represents a \$62,409 increase over final budgeted revenues.

General fund original budgeted expenditures and other financing uses were \$8,523,750 and final budgeted expenditures and other financing uses were \$8,523,750. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$8,264,134, which was \$259,616 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$18,511,265 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this amount, \$18,504,040 is reported in governmental activities and \$7,225 is reported in business-type activities. The following table shows June 30, 2013 balances compared to June 30, 2012:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 917,885	\$ 917,885	\$ -	\$ -	\$ 917,885	\$ 917,885
Land improvements	124,366	152,124	-	-	124,366	152,124
Building and improvements	16,708,130	17,189,356	-	-	16,708,130	17,189,356
Furniture and equipment	524,504	487,607	7,225	8,075	531,729	495,682
Vehicles	229,155	190,401	-	-	229,155	190,401
Total	\$ 18,504,040	\$ 18,937,373	\$ 7,225	\$ 8,075	\$ 18,511,265	\$ 18,945,448

The overall decrease in capital assets of \$434,183 is due to depreciation expense of \$640,772 and disposals, net of accumulated depreciation, of \$18,449 exceeding capital outlays of \$225,038 in the fiscal year.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2013, the District had \$1,110,000 in general obligation bonds, \$670,000 in lease-purchase agreements and \$126,842 in capital leases outstanding. Of this total, \$133,082 is due within one year and \$1,773,760 is due in greater than one year. The following table summarizes the bonds and leases outstanding.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

	Outstanding Debt, at Year End	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 1,110,000	\$ 1,181,403
Lease-purchase agreement	670,000	689,000
Capital lease	<u>126,842</u>	<u>20,331</u>
Total	<u>\$ 1,906,842</u>	<u>\$ 1,890,734</u>

At June 30, 2013 the District's overall legal debt margin was \$5,523,160 with an unvoted debt margin of \$71,471. See Note 12 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed from the community's citizens. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance while continuing to utilize the same levy dollars originally passed in 1992.

The District is committed to living within its financial means, while continuing to maintain the highest standards of service to our students, parents and community. However, the future financial stability of the District is not without challenges.

Declining enrollment over the past years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Reduced student counts lead to staffing cuts, excess building capacity, and less state funding. Each of these factors negatively impacts the operations of the District.

The District will have the resources necessary to meet operating expenses in fiscal year 2014 and has renewed their emergency levy in order to provide some financial stability over the next five years.

The District has anticipated no substantial growth in State revenue. All of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Brenda Schwamberger, Treasurer, Plymouth-Shiloh Local School District, 365 Sandusky Street, Plymouth, Ohio 44865.

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,872,460	\$ 45,595	\$ 3,918,055
Cash with escrow agent	313,628	-	313,628
Receivables:			
Property taxes	1,711,859	-	1,711,859
Income taxes.	356,148	-	356,148
Accrued interest	278	-	278
Intergovernmental	141,927	-	141,927
Prepayments	20,599	-	20,599
Materials and supplies inventory.	51,643	-	51,643
Capital assets:			
Nondepreciable capital assets	917,885	-	917,885
Depreciable capital assets, net.	17,586,155	7,225	17,593,380
Capital assets, net	<u>18,504,040</u>	<u>7,225</u>	<u>18,511,265</u>
Total assets.	<u>24,972,582</u>	<u>52,820</u>	<u>25,025,402</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	54,985	-	54,985
Total deferred outflows of resources	<u>54,985</u>	<u>-</u>	<u>54,985</u>
Liabilities:			
Accounts payable.	47,143	392	47,535
Accrued wages and benefits payable	770,293	-	770,293
Pension obligation payable.	153,822	-	153,822
Intergovernmental payable	47,676	-	47,676
Accrued interest payable	5,364	-	5,364
Claims payable.	5,343	-	5,343
Long-term liabilities:			
Due within one year.	216,425	-	216,425
Due in more than one year.	2,197,416	-	2,197,416
Total liabilities	<u>3,443,482</u>	<u>392</u>	<u>3,443,874</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,203,891	-	1,203,891
Total deferred inflows of resources	<u>1,203,891</u>	<u>-</u>	<u>1,203,891</u>
Net position:			
Net investment in capital assets	16,849,534	7,225	16,856,759
Restricted for:			
Capital projects	687,999	-	687,999
Classroom facilities maintenance	108,827	-	108,827
Debt service.	208,121	-	208,121
Federally funded programs	12,775	-	12,775
Student activities	96,179	-	96,179
Other purposes	60,835	-	60,835
Unrestricted	2,355,924	45,203	2,401,127
Total net position.	<u>\$ 20,380,194</u>	<u>\$ 52,428</u>	<u>\$ 20,432,622</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 3,779,772	\$ 404,924	\$ 383,463
Special	1,054,865	55,149	471,658
Vocational	149,140	1,469	59,210
Other	491,138	-	-
Support services:			
Pupil	493,019	-	-
Instructional staff	502,021	622	252,085
Board of education	19,361	-	-
Administration	796,038	41,498	479
Fiscal	235,646	-	-
Business	5,450	-	-
Operations and maintenance	1,034,122	-	-
Pupil transportation	509,408	-	19,844
Central	15,768	-	-
Operation of non-instructional services:			
Other non-instructional services	1,996	-	2,045
Food service operations	548,289	161,332	313,204
Extracurricular activities	426,137	109,140	12,954
Interest and fiscal charges	106,984	-	-
Total governmental activities	10,169,154	774,134	1,514,942
Business-type activities:			
Special enterprise	13,586	-	12,814
Total business-type activities	13,586	-	12,814
Totals	\$ 10,182,740	\$ 774,134	\$ 1,527,756

General revenues:

Property taxes levied for:
General purposes
Special revenue
Debt service
School district income taxes
Grants and entitlements not restricted
to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (2,991,385)	\$ -	\$ (2,991,385)
(528,058)	-	(528,058)
(88,461)	-	(88,461)
(491,138)	-	(491,138)
(493,019)	-	(493,019)
(249,314)	-	(249,314)
(19,361)	-	(19,361)
(754,061)	-	(754,061)
(235,646)	-	(235,646)
(5,450)	-	(5,450)
(1,034,122)	-	(1,034,122)
(489,564)	-	(489,564)
(15,768)	-	(15,768)
49	-	49
(73,753)	-	(73,753)
(304,043)	-	(304,043)
(106,984)	-	(106,984)
(7,880,078)	-	(7,880,078)
-	(772)	(772)
-	(772)	(772)
(7,880,078)	(772)	(7,880,850)
1,610,444	-	1,610,444
29,231	-	29,231
124,413	-	124,413
909,707	-	909,707
4,679,391	-	4,679,391
4,006	-	4,006
11,950	-	11,950
7,369,142	-	7,369,142
(510,936)	(772)	(511,708)
20,891,130	53,200	20,944,330
\$ 20,380,194	\$ 52,428	\$ 20,432,622

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 2,886,415	\$ 857,866	\$ 3,744,281
Cash with escrow agent.	-	313,628	313,628
Receivables:			
Property taxes.	1,551,951	159,908	1,711,859
Income taxes.	356,148	-	356,148
Accrued interest.	278	-	278
Intergovernmental.	71,193	70,734	141,927
Prepayments.	20,145	454	20,599
Materials and supplies inventory.	39,097	12,546	51,643
Restricted assets:			
Equity in pooled cash and cash equivalents.	25,818	-	25,818
Total assets	<u>\$ 4,951,045</u>	<u>\$ 1,415,136</u>	<u>\$ 6,366,181</u>
Liabilities:			
Accounts payable.	\$ 43,970	\$ 3,173	\$ 47,143
Accrued wages and benefits payable.	673,525	96,768	770,293
Compensated absences payable.	41,288	-	41,288
Intergovernmental payable.	44,613	3,063	47,676
Pension obligation payable.	133,338	20,484	153,822
Total liabilities.	<u>936,734</u>	<u>123,488</u>	<u>1,060,222</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,090,609	113,282	1,203,891
Delinquent property tax revenue not available.	155,451	15,530	170,981
Other nonexchange transactions not available.	-	2,882	2,882
Miscellaneous revenue not available.	59,111	-	59,111
Income tax revenue not available.	53,578	-	53,578
Total deferred inflows of resources	<u>1,358,749</u>	<u>131,694</u>	<u>1,490,443</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	39,097	12,546	51,643
Prepays.	20,145	454	20,599
Restricted:			
Debt service.	-	200,755	200,755
Capital improvements.	-	687,999	687,999
Classroom facilities maintenance.	-	106,027	106,027
Food service operations.	-	47,482	47,482
Targeted academic assistance.	-	8,633	8,633
Other purposes.	-	1,260	1,260
Extracurricular.	-	96,179	96,179
School bus purchases.	25,818	-	25,818
Committed:			
Termination benefits.	168,231	-	168,231
Assigned:			
Student instruction.	74,422	-	74,422
Student and staff support.	133,865	-	133,865
Extracurricular activities.	214	-	214
Subsequent year's appropriations.	102,195	-	102,195
School supplies.	103	-	103
Other purposes.	2,036	-	2,036
Unassigned (deficit).	2,089,436	(1,381)	2,088,055
Total fund balances	<u>2,655,562</u>	<u>1,159,954</u>	<u>3,815,516</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,951,045</u>	<u>\$ 1,415,136</u>	<u>\$ 6,366,181</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances		\$ 3,815,516
<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.		18,504,040
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 170,981	
Income taxes receivable	53,578	
Intergovernmental receivable	61,993	
Total	286,552	286,552
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		97,018
Unamortized premiums on bonds issued are not recognized in the funds.		(70,649)
Unamortized amounts on refundings are not recognized in the funds.		54,985
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(5,364)
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	(1,110,000)	
Capital lease obligations	(126,842)	
Compensated absences	(395,062)	
Lease-purchase agreement	(670,000)	
Total	(2,301,904)	(2,301,904)
Net position of governmental activities		\$ 20,380,194

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 1,628,563	\$ 154,814	\$ 1,783,377
Income taxes	909,602	-	909,602
Tuition	445,499	-	445,499
Earnings on investments	3,487	570	4,057
Charges for services	-	161,332	161,332
Extracurricular	-	109,140	109,140
Classroom materials and fees	16,289	-	16,289
Rental income	760	-	760
Contributions and donations	789	-	789
Other local revenues	53,064	12,954	66,018
Intergovernmental - state	5,060,377	82,902	5,143,279
Intergovernmental - federal	-	1,005,344	1,005,344
Total revenues	8,118,430	1,527,056	9,645,486
Expenditures:			
Current:			
Instruction:			
Regular	3,070,054	390,387	3,460,441
Special	956,909	75,112	1,032,021
Vocational	122,067	-	122,067
Other	491,138	-	491,138
Support services:			
Pupil	489,508	(9)	489,499
Instructional staff	231,230	251,399	482,629
Board of education	19,361	-	19,361
Administration	745,286	44	745,330
Fiscal	231,082	3,864	234,946
Business	5,450	-	5,450
Operations and maintenance	806,755	160,379	967,134
Pupil transportation	571,171	-	571,171
Central	15,866	-	15,866
Operation of non-instructional services:			
Other non-instructional services	-	1,996	1,996
Food service operations	-	478,437	478,437
Extracurricular activities	236,071	139,132	375,203
Capital outlay	149,818	-	149,818
Debt service:			
Principal retirement	45,365	85,000	130,365
Interest and fiscal charges	39,013	56,290	95,303
Total expenditures	8,226,144	1,642,031	9,868,175
Excess of expenditures over revenues	(107,714)	(114,975)	(222,689)
Other financing sources (uses):			
Transfers in	-	16,000	16,000
Transfers (out)	(16,000)	-	(16,000)
Capital lease transaction	149,818	-	149,818
Total other financing sources (uses)	133,818	16,000	149,818
Net change in fund balances	26,104	(98,975)	(72,871)
Fund balances at beginning of year	2,629,458	1,258,929	3,888,387
Fund balances at end of year	\$ 2,655,562	\$ 1,159,954	\$ 3,815,516

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**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, 2013**

Net change in fund balances - total governmental funds \$ (72,871)

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	\$	225,038	
Current year depreciation		(639,922)	
Total		(414,884)	(414,884)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (18,449)

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

Property taxes		(19,289)	
Income taxes		105	
Intergovernmental		34,220	
Total		15,036	15,036

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds		104,000	
Capital leases		26,365	
Total		130,365	130,365

Capital lease obligation payable balance forgiven as part of the lease trade-in agreement. This reduces the long-term obligations on the statement of net position. 16,942

Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (149,818)

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		252	
Accreted interest on capital appreciation bonds		(13,597)	
Amortization of bond premiums		7,503	
Amortization of deferred charges		(5,839)	
Total		(11,681)	(11,681)

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. (5,110)

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (466)

Change in net position of governmental activities \$ (510,936)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,473,110	\$ 1,464,148	\$ 1,568,653	\$ 104,505
Income taxes	817,764	812,789	882,049	69,260
Tuition	314,916	313,000	445,499	132,499
Earnings on investments	1,770	1,759	3,383	1,624
Classroom materials and fees	7,093	7,050	7,557	507
Rental income	503	500	760	260
Other local revenues	9,055	9,000	12,484	3,484
Intergovernmental - state	5,296,376	5,307,341	5,060,377	(246,964)
Total revenues	<u>7,920,587</u>	<u>7,915,587</u>	<u>7,980,762</u>	<u>65,175</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,143,436	3,143,436	3,074,814	68,622
Special	1,052,661	1,052,661	1,011,424	41,237
Vocational	118,867	118,867	125,883	(7,016)
Other	521,303	521,303	493,365	27,938
Support services:				
Pupil	475,057	475,057	444,556	30,501
Instructional staff	243,002	243,002	237,199	5,803
Board of education	20,538	20,538	19,635	903
Administration	757,142	757,142	738,066	19,076
Fiscal	230,102	230,102	233,735	(3,633)
Business	6,740	6,740	5,452	1,288
Operations and maintenance	962,232	962,232	894,846	67,386
Pupil transportation	554,668	554,668	569,227	(14,559)
Central	90,295	90,295	77,923	12,372
Extracurricular activities	248,050	248,050	234,853	13,197
Facilities acquisition and construction	53,657	53,657	52,656	1,001
Total expenditures	<u>8,477,750</u>	<u>8,477,750</u>	<u>8,213,634</u>	<u>264,116</u>
Excess of expenditures over revenues	<u>(557,163)</u>	<u>(562,163)</u>	<u>(232,872)</u>	<u>329,291</u>
Other financing sources (uses):				
Refund of prior year's expenditures	63,000	63,000	60,234	(2,766)
Transfers (out)	(46,000)	(46,000)	(50,500)	(4,500)
Advances in	-	3,000	3,000	-
Total other financing sources (uses)	<u>17,000</u>	<u>20,000</u>	<u>12,734</u>	<u>(7,266)</u>
Net change in fund balance	(540,163)	(542,163)	(220,138)	322,025
Fund balance at beginning of year	2,475,647	2,475,647	2,475,647	-
Prior year encumbrances appropriated	183,390	183,390	183,390	-
Fund balance at end of year	<u>\$ 2,118,874</u>	<u>\$ 2,116,874</u>	<u>\$ 2,438,899</u>	<u>\$ 322,025</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 45,595	\$ 102,361
Total current assets	<u>45,595</u>	<u>102,361</u>
Noncurrent assets:		
Depreciable capital assets, net	<u>7,225</u>	<u>-</u>
Total assets.	<u>52,820</u>	<u>102,361</u>
Liabilities:		
Accounts payable.	392	-
Claims payable	<u>-</u>	<u>5,343</u>
Total current liabilities	<u>392</u>	<u>5,343</u>
Total liabilities	<u>392</u>	<u>5,343</u>
Net position:		
Investment in capital assets	7,225	-
Unrestricted.	<u>45,203</u>	<u>97,018</u>
Total net position.	<u>\$ 52,428</u>	<u>\$ 97,018</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Other	\$ 12,814	\$ 65,643
Total operating revenues	<u>12,814</u>	<u>65,643</u>
Operating expenses:		
Purchased services.	-	4,619
Materials and supplies	6,641	-
Other.	6,095	-
Claims	-	61,490
Depreciation	850	-
Total operating expenses.	<u>13,586</u>	<u>66,109</u>
Operating income (loss)	<u>(772)</u>	<u>(466)</u>
Change in net position	(772)	(466)
Net position at beginning of year.	<u>53,200</u>	<u>97,484</u>
Net position at end of year	<u>\$ 52,428</u>	<u>\$ 97,018</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Nonmajor Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:		
Cash received from other operations	\$ 12,814	\$ 65,643
Cash payments for contractual services	-	(4,619)
Cash payments for materials and supplies	(6,249)	-
Cash payments for claims	-	(60,951)
Cash payments for other expenses	(6,095)	-
	470	73
Net cash provided by operating activities	470	73
Net increase in cash and cash equivalents	470	73
Cash and cash equivalents at beginning of year	45,125	102,288
Cash and cash equivalents at end of year	\$ 45,595	\$ 102,361
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss.	\$ (772)	\$ (466)
Adjustments:		
Depreciation.	850	-
Changes in assets and liabilities:		
Increase in accounts payable.	392	-
Increase in claims payable	-	539
	470	73
Net cash provided by operating activities.	\$ 470	\$ 73

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013**

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 29,419
Total assets.	\$ 29,419
Liabilities:	
Accounts payable.	\$ 633
Due to students.	28,786
Total liabilities	\$ 29,419

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Plymouth-Shiloh Local 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 operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. This Board controls the District's 4 instructional/support facilities staffed by 39 classified and 69 certified full-time teaching personnel, who provide services to 829 students and other community members.

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).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

A. Reporting Entity (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG 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. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2013, the District paid \$105,830 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (PCTC)

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875.

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Benefits Cooperative

The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 24 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be District and/or educational service center administrators. The Muskingum Valley Education Service Center serves as the fiscal agent for OSBC.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

A. Reporting Entity (Continued)

OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible districts or groups of districts join them for the same purposes. Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants

Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of Education Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. The District elected to participate in the joint insurance purchasing program for medical coverage.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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.

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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. Fund Accounting (Continued)

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one enterprise fund to account for the special enterprises. This fund is considered a nonmajor enterprise fund.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. 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.

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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

C. Basis of Presentation and Measurement Focus (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Agency funds do not report a measurement focus as they do 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. Proprietary and fiduciary funds also use the accrual basis of accounting.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

D. Basis of Accounting (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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, interest, tuition, grants and student fees.

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, 2013, but which were levied to finance fiscal year 2014 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, 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, 2013, are recorded as deferred inflows of resources 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 used 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

D. Basis of Accounting (Continued)

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.

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 2013 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 Richland 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 may be further amended during the year if projected increases or decreases in revenue are identified by the District. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2013.
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 may not exceed the appropriation total.
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 the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

E. Budgets (Continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2013. 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, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or policy of the Board of Education. Investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$3,487 which includes \$746 assigned from other funds.

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

G. Inventory

On government-wide and fund 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 fund financial statements, materials and supplies is equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market.

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Busines-type Activities Estimated Lives</u>
Land improvements	10 - 20 years	
Buildings and improvements	30 - 40 years	
Furniture and equipment	5 - 20 years	10 years
Vehicles	8 - 15 years	

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental and business-type activities column on the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year end.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

J. 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 severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, 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, employees age 50 with at least 10 years of service and all employees with at least twenty 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, 2013 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, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service and enterprise funds are reported on the proprietary fund 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 liability 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. Long-term bonds, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss

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 fund financial statements and the government wide financial statements, issuance costs are expended/expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and 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 12.C.

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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

M. Fund Balance (Continued)

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.

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. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for sales and services and other revenues. Operating expenses for the enterprise fund include purchased services and other expenses related to the operations of the special enterprises fund and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

O. 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 represents amounts restricted for school bus purchases and for food service operations.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

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

Q. 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.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for school bus purchases. This restricted asset is required by State statute. A schedule of statutory set-asides is presented in Note 20.

S. 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

T. 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. During fiscal year 2013, neither type of transaction occurred.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had the following effect on the financial statements of the District:

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A. Change in Accounting Principles (Continued)

	Governmental Activities
Net assets as previously reported	\$ 20,908,456
Removal of unamortized bond issuance costs	(17,326)
Net position at July 1, 2012	\$ 20,891,130

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Improving teacher quality	\$ 1,381

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Protection of 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the District had \$3,085 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Cash with Escrow Agent

At fiscal year end, the District had \$313,628 in cash and investments held by U.S. Bank in relation to the lease-purchase agreement discussed in Note 11. This amount is included in the basic financial statements as "cash with escrow agent".

C. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$27,050. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, all of the District's bank balance of \$230,199 was covered by the FDIC.

D. Investments

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 3,917,339	\$ 3,917,339

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: STAR Ohio was rated AAAM by Standard & Poor. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. 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 District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by encouraging diversification to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. The following table includes the percentage of each investment type held by the District at June 30, 2013:

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 3,917,339	100.00

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, 2013:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$	27,050
Investments		3,917,339
Cash on hand		3,085
Cash with escrow agent		<u>313,628</u>
Total	\$	<u>4,261,102</u>
 <u>Cash and investments per statement of net position</u>		
Governmental activities	\$	4,186,088
Business type activities		45,595
Agency fund		<u>29,419</u>
Total	\$	<u>4,261,102</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 16,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Richland, Crawford and Huron Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$305,891 in the general fund, \$25,334 in the debt service fund (a nonmajor governmental fund) and \$5,762 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$245,981 in the general fund, \$19,359 in the debt service fund (a nonmajor governmental fund) and \$4,504 in the classroom facilities maintenance 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, 2013 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 69,758,210	96.07	\$ 68,413,580	95.72
Public utility personal	<u>2,854,830</u>	<u>3.93</u>	<u>3,057,590</u>	<u>4.28</u>
Total	<u>\$ 72,613,040</u>	<u>100.00</u>	<u>\$ 71,471,170</u>	#####
Tax rate per \$1,000 of assessed valuation	\$32.80		\$32.80	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the May 8, 1990 election that became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2013 was \$909,602.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, income taxes, accrued interest and intergovernmental grants and entitlements. 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	\$ 1,711,859
Income taxes	356,148
Accrued interest	278
Intergovernmental	<u>141,927</u>
Total	<u>\$ 2,210,212</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 9 - CAPITAL ASSETS

- A. Governmental activities capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>06/30/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 917,885	\$ -	\$ -	\$ 917,885
Total capital assets, not being depreciated	<u>917,885</u>	<u>-</u>	<u>-</u>	<u>917,885</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	544,026	-	-	544,026
Buildings and improvements	21,080,443	-	-	21,080,443
Furniture and equipment	1,469,694	149,818	(92,245)	1,527,267
Vehicles	896,569	75,220	(71,317)	900,472
Total capital assets, being depreciated	<u>23,990,732</u>	<u>225,038</u>	<u>(163,562)</u>	<u>24,052,208</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(391,902)	(27,758)	-	(419,660)
Buildings and improvements	(3,891,087)	(481,226)	-	(4,372,313)
Furniture and equipment	(982,087)	(94,472)	73,796	(1,002,763)
Vehicles	(706,168)	(36,466)	71,317	(671,317)
Total accumulated depreciation	<u>(5,971,244)</u>	<u>(639,922)</u>	<u>145,113</u>	<u>(6,466,053)</u>
Governmental activities capital assets, net	<u>\$ 18,937,373</u>	<u>\$ (414,884)</u>	<u>\$ (18,449)</u>	<u>\$ 18,504,040</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 321,264
Special	21,846
Vocational	26,101

Support services:

Pupil	2,838
Instructional staff	20,489
Administration	16,380
Fiscal	788
Operations and maintenance	93,152
Pupil transportation	20,932
Extracurricular activities	50,928
Food service operations	65,204
Total depreciation expense	<u>\$ 639,922</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/13</u>
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 8,500	\$ -	\$ -	\$ 8,500
Total capital assets, being depreciated	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>8,500</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	<u>(425)</u>	<u>(850)</u>	<u>-</u>	<u>(1,275)</u>
Total accumulated depreciation	<u>(425)</u>	<u>(850)</u>	<u>-</u>	<u>(1,275)</u>
Business-type activities capital assets, net	<u>\$ 8,075</u>	<u>\$ (850)</u>	<u>\$ -</u>	<u>\$ 7,225</u>

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2013, the District entered into a capital 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 statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$149,818, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$29,964, leaving a current book value of \$119,854. Principal payments in the 2013 fiscal year totaled \$22,976. This amount is reported as debt service payments of the general fund. In addition to the amount of principal retired, the District also traded in a lease with a principal balance of \$16,942.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 33,786
2015	33,787
2016	33,786
2017	33,786
2018	<u>5,631</u>
Total minimum lease payments	140,776
Less: amount representing interest	<u>(13,934)</u>
Total	<u>\$ 126,842</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 11 - LEASE-PURCHASE AGREEMENT

During fiscal years 2007 and 2008, the District entered into two lease-purchase agreements with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the local share of the Ohio School Facilities Commission project. U.S. Bank has been designated as a trustee for the agreements. These leases were used for school facility improvements and the purchase of land. Assets related to the lease-purchase agreements have been capitalized in the amount of \$460,000. The outstanding liability associated with these assets was \$402,000 at June 30, 2013. As of June 30, 2013, \$296,000 of the lease-purchase agreement proceeds remained unspent. The liability associated with the unspent proceeds was \$268,000. Lease-purchase payments have been reflected as debt service expenditures in the general fund. Principal and interest payments in fiscal year 2013 totaled \$19,000 and \$33,656, respectively.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Total</u>
2014	\$ 52,734
2015	52,734
2016	51,712
2017	52,170
2018	52,041
2019 - 2023	258,638
2024 - 2028	255,998
2029 - 2033	253,296
2034 - 2035	<u>41,109</u>
Total minimum lease payments	1,070,432
Less: amount representing interest	<u>(400,432)</u>
Present value of minimum lease payments	<u>\$ 670,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

A. During fiscal year 2000, the District issued \$1,761,000 in general obligation bonds to provide long-term financing for the renovation of the elementary school and the construction of a new middle school/ high school building. These bonds bear an annual interest rate of 5.0% and mature in fiscal year 2017.

During fiscal year 2007, the District refunded \$875,000 of the current interest bonds.

Payments of principal and interest relating to this liability are recorded as an expenditure in the debt service fund. The unmatured obligation at year end is accounted for in the governmental activities long-term obligations.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2013 on the Series 2000 general obligation bonds:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding 06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/13</u>	<u>Amounts Due in One Year</u>
General obligation bond payable - Facilities Building	5.00%	12/01/16	\$ 345,000	\$ -	\$ -	\$ 345,000	\$ 75,000

The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

<u>Fiscal Year Ending June 30,</u>	<u>Principal on Bond</u>	<u>Interest on Bond</u>	<u>Total</u>
2014	\$ 75,000	\$ 22,140	\$ 97,140
2015	85,000	16,380	101,380
2016	90,000	6,800	96,800
2017	95,000	6,700	101,700
Total	<u>\$ 345,000</u>	<u>\$ 52,020</u>	<u>\$ 397,020</u>

- B.** On October 26, 2006, the District issued general obligation bonds (Series 2007 General Obligation Refunding Bonds) to advance refund the callable portion of the Series 2000 Current Interest General Obligation Bonds (principal \$875,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$850,000, and capital appreciation bonds, par value \$25,000. The capital appreciation bonds matured December 1, 2011 and December 1, 2012 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 \$175,000. As of fiscal year 2013, both capital appreciation bonds have matured. The balance of the refunded current interest bonds at June 30, 2013, is \$650,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2013 on the Series 2007 general obligation refunding bonds:

	Balance			Balance	Amounts
	<u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/13</u>	<u>Due in</u>
					<u>One Year</u>
Current interest bonds	\$ 765,000	\$ -	\$ -	\$ 765,000	\$ 10,000
Capital appreciation bonds	10,000	-	(10,000)	-	-
Accreted interest	<u>61,403</u>	<u>13,597</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total G.O. bonds	<u>\$ 836,403</u>	<u>\$ 13,597</u>	<u>\$ (85,000)</u>	<u>\$ 765,000</u>	<u>\$ 10,000</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$93,912. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2007 general obligation refunding bonds:

Fiscal Year Ending June 30	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 10,000	\$ 31,250	\$ 41,250
2015	10,000	30,850	40,850
2016	10,000	30,650	40,650
2017	10,000	30,250	40,250
2018	110,000	29,850	139,850
2019 - 2023	<u>615,000</u>	<u>77,063</u>	<u>692,063</u>
Total	<u>\$ 765,000</u>	<u>\$ 229,913</u>	<u>\$ 994,913</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

C. During the fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/13</u>	Amount Due in <u>One Year</u>
Governmental activities:					
General obligation bonds payable - Series 2000	\$ 345,000	\$ -	\$ -	\$ 345,000	\$ 75,000
General obligation bonds payable - Series 2007	836,403	13,597	(85,000)	765,000	10,000
Lease purchase agreement	689,000	-	(19,000)	670,000	20,000
Capital leases	20,331	149,818	(43,307)	126,842	28,082
Compensated absences	<u>420,721</u>	<u>101,754</u>	<u>(86,125)</u>	<u>436,350</u>	<u>83,343</u>
Total governmental activities long-term liabilities	<u>\$ 2,311,455</u>	<u>\$ 265,169</u>	<u>\$ (233,432)</u>	2,343,192	<u>\$ 216,425</u>
				<u>70,649</u>	
				<u>\$ 2,413,841</u>	

D. 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. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$5,523,160 (including available funds of \$200,755) and an unvoted debt margin of \$71,471.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 15 to 25 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to 3 years at the end of his contract, and the Treasurer who can accumulate vacation for up to 2 years at the end of her contract. Teachers do not earn vacation time. Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and the food service fund (nonmajor governmental fund).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 13 - EMPLOYEE BENEFITS - (Continued)

Compensated Absences (Continued)

For fiscal year 2013, administrators, teachers and classified employees earn sick leave at a rate of 25% of sick leave balance to a maximum of 83 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

Calamity days are paid for certified, cooks and bus driver employees. Up to five days per year are provided under this benefit.

Personal leave days are available to all employees at the rate of three days annually. Any unused personal days are converted to sick days.

NOTE 14 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$33,164,932, 100% coinsurance, replacement cost endorsement and a \$250 deductible.

Vehicles are covered by a policy, which provides for a zero deductible for comprehensive and a zero deductible for collision. Vehicle liability has a \$12,000,000 combined single limit of liability. The District maintains coverage of \$1,000,000 for uninsured/underinsured motorists.

The general liability coverage involves a \$12,000,000 single occurrence limit and \$14,000,000 general aggregate limit with no deductible. An umbrella liability coverage is provided above the previously stated base liability coverages for general and fleet liability in the amount of \$12,000,000 with no deductible.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer in the amount of \$40,000 and for Superintendent and Board President in the amount of \$20,000. An employee blanket dishonesty bond in the amount of \$100,000 is provided to cover all other employees of the District.

C. Workers' Compensation

During fiscal year 2013, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). 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. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 14 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation (Continued)

Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provided administrative, cost control and actuarial services to the GRP.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through American General in the amount of \$20,000; the Superintendent and Treasurer's coverage is in the amount of \$50,000.

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. The premium for single coverage is \$524.33 and \$1,303.11 for family. Employees pay 12.5% of the premium per negotiated union contracts and cannot be raised, except through negotiated agreement. The medical plan and prescription drug card are administered by Medical Mutual of Ohio located in Cleveland, Ohio.

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is \$25.00 for single and \$67.00 for family coverage. This premium includes the employee portion, which is paid by the District.

The claims liability of \$5,343 reported in the fund at June 30, 2013, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$ 4,804	\$ 61,490	\$ (60,951)	\$ 5,343
2012	4,907	61,672	(61,775)	4,804

The District also provides vision coverage for its employees on a fully-insured basis through Reliance Standard. The total monthly premium is \$9.79 for single coverage and \$22.15 for family coverage. This premium includes the employee portion, which is paid by the District. This amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees. Current part-time employees already enrolled in the plan may pay pro-rated premiums for coverage; however, new staff must be full-time to be eligible for coverage.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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, 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 2013, 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 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$131,808, \$131,797 and \$129,430, respectively; 69.89 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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, 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 15 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio (Continued)

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 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$471,192, \$479,490 and \$486,234, respectively; 83.27 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$4,824 made by the District and \$3,446 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, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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 2013 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

A. School Employees Retirement System (Continued)

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, 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 2013, 0.16 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 2013, the actuarially determined amount was \$20,525.

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, 2013, 2012 and 2011 were \$17,176, \$21,696 and \$32,031, respectively; 69.89 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,446, \$7,783 and \$8,329, respectively; 69.89 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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, under "Publications" or by calling (888) 227-7877.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio (Continued)

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 2013, 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, 2013, 2012 and 2011 were \$36,246, \$36,884 and \$37,403, respectively; 83.27 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts 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);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	\$ (220,138)
Net adjustment for revenue accruals	87,033
Net adjustment for expenditure accruals	(128,002)
Net adjustment for other sources/uses	86,584
Funds budgeted elsewhere	(9,751)
Adjustment for encumbrances	210,378
 GAAP basis	 \$ 26,104

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 public school support fund, the special trust fund, the uniform school supplies fund, the rotary fund and the termination benefits 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

NOTE 19 - GROUP PURCHASING POOL

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program where members save significant amounts on natural gas purchases.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 20 - 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, 2012	\$ -
Current year set-aside requirement	143,555
Current year qualifying expenditures	(218,212)
Current year offsets	<u>(56,609)</u>
Total	<u>\$ (131,266)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u><u>\$ -</u></u>

In addition to the above statutory set-asides, the District also has \$25,818 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2013 follows:

Amount restricted for school bus purchases	\$ <u>25,818</u>
Total restricted cash	<u><u>\$ 25,818</u></u>

NOTE 21 - 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>Year - End</u>
<u>Fund</u>	
General fund	\$ 157,448
Other governmental	<u>17,487</u>
Total	<u><u>\$ 174,935</u></u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 20,207	\$ 20,207
Cash Assistance:			
School Breakfast Program	10.553	87,580	87,580
National School Lunch Program	10.555	194,266	194,266
Total Child Nutrition Cluster		<u>302,053</u>	<u>302,053</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>302,053</u>	<u>302,053</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	330,437	336,073
Special Education-Grants to States (IDEA, Part B)	84.027	190,112	187,354
Rural and Low-Income School Program	84.358	15,347	16,897
Improving Teacher Quality State Grants	84.367	61,492	61,400
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	104,272	103,200
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>701,660</u>	<u>704,924</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 1,003,713</u>	<u>\$ 1,006,977</u>

The accompanying notes are an integral part of this schedule.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Plymouth-Shiloh Local School District's, Richland County, Ohio, (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plymouth-Shiloh Local School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 14, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 14, 2014



Dave Yost • Auditor of State

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

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Plymouth-Shiloh Local School District's, Richland County, Ohio, (the 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 District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Plymouth-Shiloh Local School District, Richland County, Ohio 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 year ended June 30, 2013.

Report on Internal Control over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 14, 2014

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<u>Child Nutrition Cluster</u> CFDA #10.553 – School Breakfast Program CFDA #10.555 – National School Lunch Program CFDA #84.395 – ARRA-State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentives Grants, Recovery Act
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2014**