



Dave Yost • Auditor of State



**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Edon Northwest Local School District  
Williams County  
802 West Indiana Street  
Edon, Ohio 43518-9627

To the Board of Education:

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

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

### ***Management's Responsibility for the Financial Statements***

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

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

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

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

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

### ***Opinion***

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

### ***Accounting Basis***

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

### ***Other Matters***

#### *Supplemental and Other Information*

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 22, 2014

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**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

**Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

Net position decreased \$356,286.

General receipts accounted for \$5,036,335, or 77 percent of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions accounted for \$1,486,208 or 23 percent of total receipts of \$6,522,543.

The District's major funds included the General fund and the Bond Retirement fund.

The General fund had \$5,162,124 in receipts and other financing sources and \$5,564,826 in disbursements. The General fund's balance decreased \$402,702 from the prior fiscal year.

The Bond Retirement fund had \$328,692 in receipts and \$289,794 in disbursements. The Bond Retirement fund's balance increased \$38,898 from the prior fiscal year.

The receipts generated from the Bond Retirement fund are used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

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

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

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

**Reporting the District as a Whole**

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

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

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

**Fund Financial Statements**

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

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

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

**The District as a Whole**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**Table 1  
Net Position  
Governmental Activities**

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Current and Other Assets	\$3,065,320	\$3,421,606
<b>Net Position:</b>		
Restricted for Debt Service	735,549	696,651
Restricted for Capital Outlay	274,102	281,360
Restricted for Other Purposes	367,139	352,363
Unrestricted	1,688,530	2,091,232
Total	<u>\$3,065,320</u>	<u>\$3,421,606</u>

Net position of governmental activities decreased \$356,286 or 10% during 2014. The decrease was primarily attributed to the increase of \$286,721 in the General Fund's disbursements due to increases in services obtained through the Educational Service Center (primarily preschool services) and tuition fees (open enrollment, community schools, autism scholarships).

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

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

	<u>2014</u>	<u>2013</u>
<b>Receipts:</b>		
Program Receipts:		
Charges for Services and Sales	\$718,919	\$655,675
Operating Grants and Contributions	767,289	632,015
Total Program Receipts	<u>1,486,208</u>	<u>1,287,690</u>
General Receipts:		
Property Taxes	1,658,445	1,652,568
Grants and Entitlements	3,271,433	3,227,611
Gifts and Donations	13,754	30,568
Investment Earnings	17,201	15,758
Miscellaneous	56,895	43,500
Proceeds from Sale of Capital Assets	3,764	615
Refund of Expenditures	14,843	5,428
Total General Receipts	<u>5,036,335</u>	<u>4,976,048</u>
Total Receipts	<u>6,522,543</u>	<u>6,263,738</u>

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

<b><u>Disbursements:</u></b>		
Instruction	3,617,259	3,414,328
Support Services:		
Pupils	322,917	335,477
Instructional Staff	213,998	60,183
Board of Education	13,420	11,621
Administration	469,432	460,876
Fiscal	198,109	232,923
Business	374	377
Operation and Maintenance of Plant	651,832	656,711
Pupil Transportation	357,108	315,643
Central	147,751	233,810
Non-Instructional	312,707	230,821
Extracurricular Activities	272,069	251,689
Capital Outlay	16,340	711
Debt Service:		
Principal	190,000	170,000
Interest and Fiscal Charges	95,513	103,421
Total Disbursements	<u>6,878,829</u>	<u>6,478,591</u>
Change in Net Position	<u>(\$356,286)</u>	<u>(\$214,853)</u>

Receipts increased by \$258,805 or 4 percent. Overall receipts primarily increased for the following reasons: (1) a increase in shared services receipts classified under Charges for Services program receipts; (2) an increase in state and federal program receipts for grants classified under the Operating Grants and Contribution program receipts; and (3) an increase in school foundation (primarily preschool funding) receipts classified under Grants and Entitlements under the General receipts.

Disbursements increased by \$400,238 or 6.2 percent. The overall increase in disbursements was due to increases in services obtained through the Educational Service Center (primarily preschool services), tuition fees (open enrollment, community schools, autism scholarships), and disbursements (primarily instructional staff disbursements) for the Straight A consortium grant (new in 2014).

Program receipts account for 23 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 53 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 13 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 9 percent. The remaining 25 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**Governmental Activities**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Instruction	\$3,617,259	\$2,667,263	\$3,414,328	\$2,523,600
Support Services:				
Pupils	322,917	306,237	335,477	302,576
Instructional Staff	213,998	62,942	60,183	54,185
Board of Education	13,420	13,420	11,621	11,621
Administration	469,432	469,127	460,876	454,616
Fiscal	198,109	197,240	232,923	232,923
Business	374	374	377	377
Operation and Maintenance of Plant	651,832	639,476	656,711	643,955
Pupil Transportation	357,108	357,108	315,643	315,643
Central	147,751	129,779	233,810	209,102
Non-Instructional	312,707	92,088	230,821	(4,068)
Extracurricular Activities	272,069	155,354	251,689	172,239
Capital Outlay	16,340	16,340	711	711
Debt Service:				
Principal	190,000	190,000	170,000	170,000
Interest and Fiscal Charges	95,513	95,513	103,421	103,421
Total Disbursements	<u>\$6,878,829</u>	<u>\$5,392,621</u>	<u>\$6,478,591</u>	<u>\$5,190,901</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 73 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 78 percent. The remaining 22 percent is derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's major governmental funds are the General fund and the Bond Retirement fund. Total governmental funds had receipts and other financing sources of \$6,522,543 and disbursements of \$6,878,829.

The General fund's balance decreased by \$402,702 or 19 percent from 2013. Receipts increased 4 percent from 2013 primarily due to a small increase in state foundation (primarily preschool and disadvantaged pupil aid funding) and shared services receipts from Edgerton Local School District for treasurer and psychologist services. Disbursements increased by 5 percent primarily due to increases in services obtained through the Educational Service Center (primarily preschool services), tuition fees (open enrollment, community schools, autism scholarships), and the hiring of a psychologist.

The Bond Retirement fund's balance increased by \$38,898 or 6 percent from 2013. Debt payments increased 4 percent from 2013 while property taxes and intergovernmental receipts decreased by less than 1 percent in 2013.

**General Fund Budgeting Highlights**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

Original and final budget receipts and other financing sources were the same. Final budget and actual receipts and other sources varied by 2 percent.

Original and final budgeted expenditures and other financing uses were the same. Final expenditures and other financing uses were budgeted at \$6,439,143 while actual expenditures and other financing uses were \$5,625,292. The \$813,851 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt Administration**

Debt

At June 30, 2014, the District had \$2,377,450 in school improvement general obligation bonds for building improvements to the former high school / middle school building and the new District school building. The bonds were issued for a twenty-three year period, with final maturity on December 1, 2024. The bonds are being retired through the Bond Retirement fund.

At June 30, 2014, the District's overall legal debt margin was \$3,768,029, with an un-voted debt margin of \$68,283.

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

**Current Issues**

The District is holding its own in the state of a declining economy and uncertainty in State funding. Edon Northwest Area is a small rural community of 3,200 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. 39 percent of District revenue sources are from local funds, 53 percent is from state funds, and the remaining 8 percent is from federal funds. The total expenditure per pupil was calculated at \$9,367 for 2013. ODE has not released expenditure per pupil calculations for 2014 yet.

In November 2014, the District renewed a five-year, three mill permanent improvement levy. This levy provides a source of revenue to handle permanent improvements for the District. This frees General fund revenue to be used for the operation of the District. However, future finances are not without challenges as our community changes and state funding is revised. A new state funding system was approved for the FY2014 and FY2015 school years. Unfortunately for the District, the formula is flat funded for those two school years due to a decrease in enrollment and an increase in valuation per pupil which is a major component of the new formula. Under the prior biennium budget, Tangible Personal Property Tax (TPPT) reimbursements were mostly phased out over 2 years. The District has lost approximately \$335,000 in TPPT reimbursement payments over the past 2 years. The Board of Education placed a 1% "Traditional" income tax on the ballot in November 2011 for operating expenses but it was defeated. The Board of Education placed a .5% "Traditional" income tax and a 3.70 mil property tax on the August 2012 ballot and this was also defeated. The Board of Education is currently reviewing what type of levy and when this levy will be placed on the ballot.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kerry Samples, Treasurer, Edon Local School District, 802 West Indiana Street, Edon, Ohio 43518-9627.

EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>3,065,320</u>
<b>Net Position:</b>	
Restricted for Debt Service	735,549
Restricted for Capital Outlay	274,102
Restricted for Other Purposes	367,139
Unrestricted	1,688,530
<i>Total Net Position</i>	\$ <u>3,065,320</u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

		<b>Program Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Position</b>
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 2,684,116	\$ 508,958	\$ 107,752	\$ (2,067,406)
Special	861,634		233,690	(627,944)
Vocational	71,509		99,236	27,727
Support Services:				
Pupils	322,917		16,680	(306,237)
Instructional Staff	213,998		151,056	(62,942)
Board of Education	13,420			(13,420)
Administration	469,432		305	(469,127)
Fiscal	198,109		869	(197,240)
Business	374			(374)
Operation and Maintenance of Plant	651,832		12,356	(639,476)
Pupil Transportation	357,108			(357,108)
Central	147,751		17,972	(129,779)
Operation of Non-Instructional Services	312,707	93,246	127,373	(92,088)
Extracurricular Activities	272,069	116,715		(155,354)
Capital Outlay	16,340			(16,340)
Debt Service:				
Principal	190,000			(190,000)
Interest and Fiscal Charges	95,513			(95,513)
<b>Totals</b>	<b>\$ 6,878,829</b>	<b>\$ 718,919</b>	<b>\$ 767,289</b>	<b>(5,392,621)</b>

**General Receipts:**

Taxes:	
Property Taxes, Levied for General Purposes	1,285,959
Property Taxes, Levied for Capital Outlay	91,204
Property Taxes, Levied for Debt Service	255,750
Property Taxes, Levied for Other	25,532
Grants and Entitlements not Restricted to Specific Programs	3,271,433
Gifts and Donations	13,754
Investment Earnings	17,201
Miscellaneous	56,895
Proceeds from Sale of Capital Assets	3,764
Refund of Prior Year Expenditures	14,843
<i>Total General Receipts</i>	<u>5,036,335</u>
<i>Change in Net Position</i>	<u>(356,286)</u>
Net Position Beginning of Year	3,421,606
<i>Net Position End of Year</i>	<b>\$ 3,065,320</b>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,688,530</u>	\$ <u>735,549</u>	\$ <u>641,241</u>	\$ <u>3,065,320</u>
<b>Fund Balances:</b>				
Restricted		\$ 735,549	\$ 641,241	\$ 1,376,790
Assigned	\$ 90,281			90,281
Unassigned	1,598,249			1,598,249
<i>Total Fund Balances</i>	\$ <u>1,688,530</u>	\$ <u>735,549</u>	\$ <u>641,241</u>	\$ <u>3,065,320</u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>All Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 1,285,959	\$ 255,750	\$ 116,736	\$ 1,658,445
Intergovernmental	3,264,554	72,942	701,226	4,038,722
Interest	17,153		48	17,201
Tuition and Fees	402,240			402,240
Extracurricular Activities	12,775		103,340	116,115
Gifts and Donations	4,362		9,392	13,754
Customer Sales and Services	106,718		93,846	200,564
Miscellaneous	55,160		1,735	56,895
<i>Total Receipts</i>	<u>5,148,921</u>	<u>328,692</u>	<u>1,026,323</u>	<u>6,503,936</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,498,421		185,695	2,684,116
Special	648,678		212,956	861,634
Vocational	71,509			71,509
Support Services:				
Pupils	305,490		17,427	322,917
Instructional Staff	66,326		147,672	213,998
Board of Education	13,420			13,420
Administration	468,408		1,024	469,432
Fiscal	188,918	4,281	4,910	198,109
Business	374			374
Operation and Maintenance of Plant	591,960		59,872	651,832
Pupil Transportation	310,106		47,002	357,108
Central	129,550		18,201	147,751
Operation of Non-Instructional Services	101,684		211,023	312,707
Extracurricular Activities	169,982		102,087	272,069
Capital Outlay			16,340	16,340
Debt Service:				
Principal		190,000		190,000
Interest		95,513		95,513
<i>Total Disbursements</i>	<u>5,564,826</u>	<u>289,794</u>	<u>1,024,209</u>	<u>6,878,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(415,905)</u>	<u>38,898</u>	<u>2,114</u>	<u>(374,893)</u>
<b>Other Financing Sources:</b>				
Proceeds from Sale of Capital Assets			3,764	3,764
Refund of Prior Year Disbursements	13,203		1,640	14,843
<i>Total Other Financing Sources</i>	<u>13,203</u>		<u>5,404</u>	<u>18,607</u>
<i>Net Change in Fund Balances</i>	(402,702)	38,898	7,518	(356,286)
Fund Balances at Beginning of Year	2,091,232	696,651	633,723	3,421,606
<i>Fund Balances at End of Year</i>	<u>\$ 1,688,530</u>	<u>\$ 735,549</u>	<u>\$ 641,241</u>	<u>\$ 3,065,320</u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 1,305,000	\$ 1,305,000	\$ 1,285,959	\$ (19,041)
Intergovernmental	3,217,250	3,217,250	3,264,554	47,304
Interest	16,075	16,075	17,153	1,078
Tuition and Fees	470,250	470,250	394,269	(75,981)
Rent	2,500	2,500		(2,500)
Extracurricular Activities	3,000	3,000	2,471	(529)
Gifts and Donations	5,000	5,000	1,340	(3,660)
Customer Sales and Services	50	50	106,718	106,668
Miscellaneous	35,000	35,000	53,255	18,255
<i>Total Receipts</i>	<u>5,054,125</u>	<u>5,054,125</u>	<u>5,125,719</u>	<u>71,594</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,732,297	2,710,787	2,519,010	191,777
Special	573,328	690,603	650,460	40,143
Vocational	84,746	92,346	72,609	19,737
Adult/Continuing	78	78		78
Other	205,485	66,985	1,512	65,473
Support Services:				
Pupils	361,905	358,166	303,870	54,296
Instructional Staff	49,081	72,705	64,824	7,881
Board of Education	20,249	20,524	17,198	3,326
Administration	515,368	519,968	472,764	47,204
Fiscal	216,999	219,674	189,216	30,458
Business	1,030	1,030	374	656
Operation and Maintenance of Plant	722,010	715,760	610,316	105,444
Pupil Transportation	399,655	400,080	315,323	84,757
Central	184,041	183,066	130,150	52,916
Operation of Non-Instructional Services	108,682	111,357	101,684	9,673
Extracurricular Activities	186,939	198,764	169,882	28,882
<i>Total Disbursements</i>	<u>6,361,893</u>	<u>6,361,893</u>	<u>5,619,192</u>	<u>742,701</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(1,307,768)</u>	<u>(1,307,768)</u>	<u>(493,473)</u>	<u>814,295</u>
<b>Other Financing Sources and (Uses):</b>				
Proceeds from Sale of Fixed Assets	1,000	1,000		(1,000)
Refund of Prior Year Disbursements	1,000	1,000	13,203	12,203
Transfers Out	(51,500)	(51,500)	(6,000)	45,500
Advances Out	(20,600)	(20,600)	(100)	20,500
Refund of Prior Year Receipts	(5,150)	(5,150)		5,150
<i>Total Other Financing Sources and (Uses)</i>	<u>(75,250)</u>	<u>(75,250)</u>	<u>7,103</u>	<u>82,353</u>
<i>Net Change in Fund Balance</i>	<u>(1,383,018)</u>	<u>(1,383,018)</u>	<u>(486,370)</u>	<u>896,648</u>
Fund Balance at Beginning of Year	2,043,453	2,043,453	2,043,453	
Prior Year Encumbrances Appropriated	41,166	41,166	41,166	
<i>Fund Balance at End of Year</i>	<u>\$ 701,601</u>	<u>\$ 701,601</u>	<u>\$ 1,598,249</u>	<u>\$ 896,648</u>

See Accompanying Notes to the Basic Financial Statements

EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2014

	<u>Agency Fund</u>
<b>Assets:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u><u>32,381</u></u>
<b>Liabilities:</b>	
Current Liabilities:	
Held on Behalf of Students	\$ <u><u>32,381</u></u>

See Accompanying Notes to the Basic Financial Statements

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Edon Northwest 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. Edon Northwest Local School District is a local school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's two instructional/support facilities staffed by 34 non-certified and 46 certified full-time teaching personnel who provide services to 584 students and other community members.

**The Reporting Entity**

**A. Primary Government**

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

**B. Component Units**

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

**C. Jointly Governed Organizations and Purchasing Pools**

The District is associated with eight organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, the Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Regional Professional Development Center, the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiatives (OHI), and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 12 and 13 to the basic financial statements.

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

**B. Fund Accounting**

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

**1. Governmental Funds:**

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

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

Bond Retirement Fund - The Bond Retirement fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

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

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary funds of the District consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency funds account for various student managed activities.

**C. Basis of Accounting**

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

**D. Budgetary Process**

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

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

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

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

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

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

**E. Cash and Investments**

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

For presentation on the 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 that are not purchased from the pool are reported as investments.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

During fiscal year 2014, investments were limited to federal agency securities, a money market mutual fund, commercial paper, US treasury bills, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund. The District's money market mutual fund is recorded at the amount reported by Robert W. Baird and Company at June 30, 2014.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$17,153 and \$7,541, which were assigned from other District funds.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Compensated Absences**

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

**K. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Net Position**

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

**M. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

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

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

**3. BUDGETARY BASIS OF ACCOUNTING**

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

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

<u>Fund Cash Balance</u>	
Cash Basis	\$1,688,530
Funds Budgeted Elsewhere	(15,332)
Adjustment for Encumbrances	(74,949)
Budgetary Basis	<u>\$1,598,249</u>

**4. DEPOSITS AND INVESTMENTS**

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

At year end, the District had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

Investments

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

<u>Investment Type</u>	<u>Balance at Cost</u>	<u>Less Than One Year</u>	<u>13 to 24 Months</u>	<u>25 to 36 Months</u>	<u>37 to 60 Months</u>
Federal Home Loan Bank (FHLB) Bonds	\$359,619		\$234,619	\$125,000	
Federal Home Loan Mortgage Corporation (FHLMC) Bonds	424,835			424,835	
Federal National Mortgage Association (FNMA) Bonds	1,357,339		709,271	498,218	\$149,850
Commercial Paper	269,730	\$269,730			
US Treasury Bill	155,000		155,000		
First American Money Market Mutual Fund	79,969	79,969			
STAR Ohio	5,196	5,196			
<b>Total Investments</b>	<u>\$2,651,688</u>	<u>\$354,895</u>	<u>\$1,098,890</u>	<u>\$1,048,053</u>	<u>\$149,850</u>

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The following investments carry the highest ratings by Moody's and Standard and Poor's:

<u>Investment Type</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Federal Home Loan Bank (FHLB) Bonds	Aaa	AA+
Federal Home Loan Mortgage Corporation (FHLMC) Bonds	Aaa	AA+
Federal National Mortgage Association (FNMA) Bonds	Aaa	AA+
Commercial Paper	P-1	A-1+
United States (US) Treasury Bill	Aaa	AA+
First American Money Market Mutual Fund	Aaa	AAAm
STAR Ohio		AAAm

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

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 FHLB Bonds, FHLMC Bonds, the FNMA Bonds, Commercial Paper, and US Treasury Bill are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investment in FHLB Bonds, FHLMC Bonds, FNMA Bonds, and Commercial Paper represent 14, 16, 51, and 10, respectively, of the District's total investments.

**5. PROPERTY TAXES**

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

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

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**5. PROPERTY TAXES (Continued)**

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

	<b>2013 Second- Half Collections</b>		<b>2014 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$59,250,190	88%	\$59,336,900	87%
Industrial/Commercial	5,412,830	8%	5,717,260	8%
Public Utility	3,030,240	4%	3,228,940	5%
Total Assessed Value	<u>\$67,693,260</u>	<u>100%</u>	<u>\$68,283,100</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$43.75		\$43.75	

**6. RISK MANAGEMENT**

**A. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI), a self insurance pool (Note 13), for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

**B. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI), Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 13). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. The Executive Director of the NBHP coordinates the management and administration of the program.

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

**C. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90 percent coinsured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage's from last year.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**7. DEFINED PENSION BENEFIT PLANS**

**A. School Employee Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the SERS' funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The District's required contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$152,482, \$146,423 and \$146,650 respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System**

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**7. DEFINED PENSION BENEFIT PLANS (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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2014, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$317,014, \$343,742, and \$324,571 respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**C. Social Security System**

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

**8. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

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

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 was \$8,846, \$8,271, and \$8,660, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$16,443, \$15,884, and \$20,470 respectively; 8 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

**B. State Teachers Retirement System**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**8. POSTEMPLOYMENT BENEFITS (Continued)**

Funding Policy – Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$24,386, \$24,903, and \$24,967 respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**9. COMPENSATED ABSENCES**

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of their accumulated sick leave balance, which cannot exceed 219 days. The maximum payout is 65.7 days (30 percent).

**10. LONG-TERM OBLIGATIONS**

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

	<u>Balance at 06/30/2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/2014</u>	<u>Amount Due In One Year</u>
General Obligation Bonds, Series 1997:					
Term – 5.35% - 6%	\$475,000		\$55,000	\$420,000	\$60,000
General Obligation Bonds, Series 2006:					
Serial – 4% - 5%	135,000		135,000		
Term – 5.35% - 6%	1,620,000			1,620,000	140,000
Capital Appreciation Bonds	302,882	\$34,568		337,450	
Total G.O.B. Series 2006	<u>2,057,882</u>	<u>34,568</u>	<u>135,000</u>	<u>1,957,450</u>	<u>140,000</u>
Total Long-Term Obligations	<u>\$2,532,882</u>	<u>\$34,568</u>	<u>\$190,000</u>	<u>\$2,377,450</u>	<u>\$200,000</u>

The 1997 bonds were issued in August 1997 and will mature in December 2019. The 2001 bonds were issued in October 2001. The general obligation bonds were issued in August 2006 and will mature in December 2024. A substantial portion of these outstanding bonds were refunded in August 2006. The remaining bonds from the 2001 issuance matured in December 2011.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. LONG-TERM OBLIGATIONS (Continued)**

**School Improvement Bonds – 1997**

The District issued \$950,000 in voted general obligation bonds to finance the construction of an addition to the former Edon school building. The bonds were issued on April 12, 1997. The bond issued included \$250,000 in serial bonds and \$700,000 in term bonds. The bonds will be retired with a voted property tax levy from the Bond Retirement fund. The final serial bond matured on December 1, 2007 with an interest rate of 5.10% and principal amount of \$35,000.

The term bonds maturing on December 1, 2019, are subject to mandatory sinking fund redemption in part by lot and are redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable mandatory redemption dates and in the principal amounts payable on those dates set forth in the Certificate of Award.

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$420,000	6.00%

**School Improvement Bonds – 2006**

The District issued \$2,450,000 in general obligation bonds for the purpose of advance refunding the School Improvement Bonds – 2001 term bonds. The bonds were issued on August 22, 2006. The bond issue included \$300,000 in serial bonds, \$2,085,000 in term bonds, and \$65,000 in capital appreciation bonds. The bonds will be retired with a voted property tax levy from the Bond Retirement Fund.

The serial bonds matured on December 1, 2013.

The current interest term bonds which mature on December 1, 2010, December 1, 2012, December 1, 2015,

December 1, 2020, December 1, 2022, and December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest, to the date of redemption, on the applicable mandatory redemption dates in the principal amounts payable on those dates set forth in the Certificate of Award.

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$290,000	4.00%
2020	400,000	4.00%
2022	450,000	4.125%
2024	480,000	4.125%

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**10. LONG-TERM OBLIGATIONS (Continued)**

The capital appreciation bonds were issued in the aggregate original principal amount of \$65,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Maturity Amount</u>
2016	\$25,000	\$165,000
2017	20,000	170,000
2018	20,000	175,000

The value of the capital appreciation bonds reported at June 30, 2014 was \$337,450. The annual accretion of interest is based on the straight-line method. The accreted interest at June 30, 2014 was \$272,450. The bonds are being retired through the Bond Retirement Fund.

Total expenditures for interest toward the school improvement bonds for the period ended June 30, 2014, was \$95,513.

The scheduled payments of principal and interest on debt outstanding at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$200,000	\$86,563	\$286,563
2016	215,000	77,012	292,012
2017	186,750	93,213	279,963
2018	182,575	103,187	285,762
2019	183,125	108,287	291,412
2020-2024	1,160,000	168,944	1,328,944
2025	250,000	5,156	255,156
Total	<u>\$2,377,450</u>	<u>\$642,362</u>	<u>\$3,019,812</u>

**11. SET-ASIDE CALCULATIONS**

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**11. SET-ASIDE CALCULATIONS (Continued)**

	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2013	
Current Year Set-aside Requirement	\$100,039
Current Year Offsets	(100,039)
Cash Balance Carried Forward to FY 2015	_____
Total Restricted Assets	_____

**12. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2014, the District paid \$103,824 to NWOCA for various services. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

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

**C. Four County Career Center**

The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, at 22-900 State Route 34, Archbold, Ohio 43502

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village districts, five local districts, and five city districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**E. Northwest Ohio Special Education Regional Resource Center**

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating School Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from David Michel, Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

**F. Northwest Ohio Regional Professional Development Center**

The Northwest Ohio Regional Professional Development Center (RPDC) is a jointly governed organization among the school districts in Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood counties. The RPDC focuses on the implementation of academic content standards and the deployment of State initiatives. All activities reflect definition of high quality professional development, including job-embedded, connected to strategic goals, sustained, intensive skill building, and measurement of impact on student learning. The Center is governed by a fifteen member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Regional Professional Development Center, 414 Emerald Street, 2<sup>nd</sup> Floor, Toledo, Ohio 43602.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. GROUP PURCHASING POOLS**

**A. Employee Insurance Benefits Program**

The District participates in a group health insurance pool through the Northern Buckeye Health Plan, Northwest Division of OHI, a public entity shared risk pool consisting of educational entities throughout the state. The District contributed a total of \$638,840 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, Ohio 45242.

**B. Workers' Compensation Group Rating Plan**

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

Optimal Health Initiatives has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of \$651 to WCGRP to cover the costs of administering the program.

**14. CONTINGENCIES**

**A. Federal and State Grants**

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

**B. Litigation**

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**15. FUND BALANCE**

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:				
Regular Instruction			\$4,450	\$4,450
Special Instruction			27,718	27,718
Athletics			50,015	50,015
Food Service Operations			84,406	84,406
Facilities Maintenance			200,550	200,550
Debt Retirement		\$735,549		735,549
Permanent Improvement			274,102	274,102
Total Restricted		735,549	641,241	1,376,790
Assigned for:				
Educational Activities	\$15,332			15,332
Unpaid Obligations (encumbrances)	74,949			74,919
Total Assigned	90,281			90,281
Unassigned	1,598,249			1,598,249
Total Fund Balance	<u>\$1,688,530</u>	<u>\$735,549</u>	<u>\$641,241</u>	<u>\$3,065,320</u>

**16. CHANGE IN ACCOUNTING PRINCIPLE**

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

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

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

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**16. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

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

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

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

EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$15,473	\$15,473
National School Lunch Program	10.555		
Cash Assistance		109,256	109,256
Non- Cash Assistance (Food Distribution)		18,264	18,264
Total National School Lunch Program		<u>127,520</u>	<u>127,520</u>
Total U.S. Department of Agriculture		<u><b>142,993</b></u>	<u><b>142,993</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	106,863	106,558
Special Education - Preschool Grants (IDEA, Preschool)	84.173	<u>2,605</u>	<u>2,605</u>
Total Special Education Cluster (IDEA)		109,468	109,163
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants	84.395	16,143	16,143
Title I Grants to Local Educational Agencies	84.010	184,470	185,921
Improving Teacher Quality State Grants	84.367	22,934	23,776
<b>Direct Assistance</b>			
Rural Education	84.358	<u>29,069</u>	<u>29,032</u>
Total U.S. Department of Education		<u><b>362,084</b></u>	<u><b>364,035</b></u>
<b>Totals</b>		<u><u><b>\$505,077</b></u></u>	<u><u><b>\$507,028</b></u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUBRECIPIENTS**

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

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amounts passed through to subrecipients were \$2,605.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Edon Northwest Local School District  
Williams County  
802 West Indiana Street  
Edon, Ohio 43518-9627

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edon Northwest Local School District, Williams County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting policies.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

***Entity's Response to Findings***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 22, 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

Edon Northwest Local School District  
Williams County  
802 West Indiana Street  
Edon, Ohio 43518-9627

To the Board of Education:

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

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

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

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 22, 2014

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

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

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

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

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

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

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

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

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

**Officials' Response:**

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

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**EDON NORTHWEST LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	<b>Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B)</b> – for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not corrected. Reissued as finding 2014-001 in this report.
2013-002	<b>2 CFR Part 225, Attachment B, Section 8 (h)(4)</b> for federal questioned costs of \$11,634 paid from Title I funds.	Yes	N/A

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# Dave Yost • Auditor of State

**EDON NORTHWEST LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 06, 2015**