

**Milton-Union Exempted Village School District  
Miami County, Ohio**

Basic Financial Statements

June 30, 2014

with Independent Auditors' Report





# Dave Yost • Auditor of State

Board of Education  
Milton-Union Exempted Village School District  
7610 Milton-Potsdam Rd.  
West Milton, Ohio 45383

We have reviewed the *Independent Auditors' Report* of the Milton-Union Exempted Village School District, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 30, 2015

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Milton-Union Exempted Village School District  
7610 Milton-Potsdam Rd.  
West Milton, Ohio 45383

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milton-Union Exempted Village School District (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 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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 the District, as of June 30, 2014, and the respective changes in cash financial position thereof, and the respective budgetary fund comparison for the General Fund, for the year then ended in accordance with the accounting basis described in Note 1.

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### **Accounting Basis**

Ohio Administrative Code Section 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 1 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*

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The tables within Management's Discussion and Analysis (Net Position (cash basis), Change in Net Position – Governmental Activities, and the Total Cost of Program Services and Net Cost of Services – Governmental Activities) and the schedule of expenditures of federal awards (the Schedule), as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The tables within Management's Discussion and Analysis and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the tables within Management's Discussion and Analysis and the Schedule of Expenditures of Federal Awards 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 within Management's Discussion and Analysis, we applied no procedures to any other information included within Management's Discussion and Analysis, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 12, 2014

The discussion and analysis of the Milton-Union Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and related note disclosures to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

- Total net cash position increased by 4.7 percent from fiscal year 2013 as the ending cash and investment balance was higher at June 30, 2014 due to increased cash receipts and a significant decrease in cash disbursements reported for the fiscal year. The unrestricted net cash position of the District ended the year at \$6.5 million, an increase of nearly \$900,000 from the amount reported in the prior year. Unrestricted net position reported at June 30, 2014 and 2013 represented 44.3 percent and 38.7 percent, respectively, of the annual operating expenditures (total less capital outlay and debt service) reported for those fiscal years.
- Total cash receipts for the fiscal year were nearly \$378,000 more than those received in the prior fiscal year, or 2.2 percent. The increase in cash receipts is attributed to primarily to the \$300,000 increase in foundation payments and \$45,000 increase in shared casino revenue receipts received in fiscal year 2014 compared to those reported for the prior year.
- Total cash disbursements reported for fiscal year 2014 were approximately \$5.0 million less than those reported for fiscal year 2013, or 23.0 percent. This decrease consisted primarily of a \$5.1 million decrease in capital outlay associated with the completion of the School Facilities Project (SFP) in fiscal year 2013. Functional areas besides capital outlay increased by \$143,000, or 0.9 percent, over those same expenditure categories reported in the prior year.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting, which is a basis other than accounting principles generally accepted in the United States of America (GAAP). Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the cash basis of accounting, the School District's receipts and disbursements and the related cash assets are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net position and the statement of activities provide information about the cash activity of the School District, as a whole. 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 School District's most significant funds, major funds, with all other non-major funds presented in total in a single column.



**Reporting the School District as a Whole**

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program cash receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School District presents all of its activities as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, capital outlay, and debt service disbursements.

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

Fund financial statements provide detailed information about the School District's major fund. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general, bond retirement, permanent improvements, and classroom facilities funds. The remaining governmental funds are combined and reported in one column within the fund financial statements.

Governmental Funds

All of the School 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 year-end for spending in future periods. These funds are reported using the cash basis of accounting and provide a detailed short-term view of the School 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 School District. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support programs of the School District. The cash basis of accounting is also used for fiduciary funds.

Milton-Union Exempted Village School District  
Miami County, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)

**The School District as a Whole**

Table 1 provides a summary of the School District's net cash position reported at June 30, 2014 compared to one year prior:

**TABLE 1  
NET CASH POSITION  
GOVERNMENTAL ACTIVITIES**

	2014	2013	Change
<b>Cash Assets:</b>			
Total Assets	\$ 13,827,649	\$ 13,209,545	\$ 618,104
<b>Net Cash Position:</b>			
Restricted	7,295,702	7,563,600	(267,898)
Unrestricted	6,531,947	5,645,945	886,002
Total Net Cash Position	\$ 13,827,649	\$ 13,209,545	\$ 618,104

Table 2 shows the changes in net cash position for fiscal year 2014 as compared to fiscal year 2013.

**TABLE 2  
CHANGES IN NET CASH POSITION  
GOVERNMENTAL ACTIVITIES**

	2014	2013	Change
<b>Receipts</b>			
Program Receipts:			
Charges for Services	\$ 1,556,886	\$ 1,505,858	\$ 51,028
Operating Grants and Contributions	1,034,290	1,012,066	22,224
General Receipts:			
Property Taxes	5,295,064	5,219,355	75,709
Income Taxes	2,112,657	2,127,195	(14,538)
Grants and Entitlements	7,134,493	6,750,440	384,053
Other	218,104	358,819	(140,715)
Total Receipts	17,351,494	16,973,733	377,761
<b>Program Expenditures</b>			
Instruction	8,753,374	8,489,027	264,347
Support Services:			
Pupil and Instructional Staff	1,099,357	1,019,768	79,589
Board of Education, Administration, Fiscal and Business	1,785,864	1,898,897	(113,033)
Plant Operation and Maintenance	999,693	991,249	8,444
Pupil Transportation	844,058	678,944	165,114
Central	217,484	401,339	(183,855)
Operation of Non-Instructional Services	522,517	580,262	(57,745)
Extracurricular Activities	508,347	529,002	(20,655)
Capital Outlay	311,228	5,460,051	(5,148,823)
Debt Service	1,691,468	1,690,240	1,228
Total Expenditures	16,733,390	21,738,779	(5,005,389)
Change in Net Cash Position	618,104	(4,765,046)	5,383,150
Net Cash Position, Beginning of Year	13,209,545	17,974,591	(4,765,046)
<b>Net Cash Position, End of Year</b>	<b>\$ 13,827,649</b>	<b>\$ 13,209,545</b>	<b>\$ 618,104</b>

Milton-Union Exempted Village School District  
Miami County, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)

As noted in Table 1, the total net cash position of the School District reported at the end of the current fiscal year increased by \$618,000, or 4.7 percent, from the amount reported one year prior. Increased intergovernmental cash receipts coupled with a significant decrease in cash disbursements reported for the fiscal year account for the increase reported. The unrestricted net cash position of the District ended the year at \$6.5 million, an increase of nearly \$900,000 from the amount reported in the prior year. Unrestricted net position reported at June 30, 2014 and 2013 represented 44.3 percent and 38.7 percent, respectively, of the annual operating expenditures (total less capital outlay and debt service) reported for those fiscal years. Restricted net position decreased by nearly \$270,000 during the fiscal year as funds restricted for the construction of the new school building were utilized for the few remaining construction related items.

As shown in Table 2 above, the total cash receipts of the School District for fiscal year 2014 increased by 2.2 percent (\$378,000) over those received in fiscal year 2013. The increase in cash receipts is attributed primarily to the \$300,000 increase in foundation payments and \$45,000 increase in shared casino revenue receipts received in fiscal year 2014 compared to those reported for the prior year. The only other significant change occurring in the receipt categories was the nearly \$141,000 decrease in other receipts from those reported in the previous fiscal year. In fiscal year 2013, the District received a construction related rebate as well as nearly \$90,000 in auction proceeds related to the sale of the contents of the old school buildings. These were both one-time cash inflows for the District.

For fiscal year 2014, program cash receipts totaled \$2.6 million and general cash receipts were \$14.8 million; equal to 14.9 and 85.1 percent of the total cash receipts, respectively. Property and income tax receipts totaled \$7.4 million or 50.2 percent of total general cash receipts for fiscal year 2014. As local revenue sources comprise more than one-half of the general cash receipts received by the School District, the reliance on local revenue sources is apparent.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services for each function for fiscal year 2014 as compared with fiscal year 2013.

**TABLE 3  
TOTAL AND COST OF PROGRAM SERVICES  
GOVERNMENTAL ACTIVITIES**

	2014		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 8,753,374	\$ 6,929,198	\$ 8,489,027	\$ 6,801,867
Support Services:				
Pupil and Instructional Staff	1,099,357	1,084,917	1,019,768	979,577
Board of Education, Administration, Fiscal and Business	1,785,864	1,785,864	1,898,897	1,898,897
Plant Operation and Maintenance	999,693	996,842	991,249	988,020
Pupil Transportation	844,058	844,058	678,944	678,944
Central	217,484	209,315	401,339	395,939
Operation of Non-Instructional Services	522,517	(14,120)	580,262	4,814
Extracurricular Activities	508,347	310,787	529,002	322,506
Capital Outlay	311,228	303,885	5,460,051	5,460,051
Debt Service	1,691,468	1,691,468	1,690,240	1,690,240
Total Expenditures	<u>\$ 16,733,390</u>	<u>\$ 14,142,214</u>	<u>\$ 21,738,779</u>	<u>\$ 19,220,855</u>

Total cash disbursements reported for fiscal year 2014 were approximately \$5.0 million less than those reported for fiscal year 2013, or 23.0 percent. This decrease consisted primarily of a \$5.1 million decrease in capital outlay associated with the completion of the SFP in fiscal year 2013. Major capital outlay expenditures associated with the construction project concluded in fiscal year 2013 with only a few remaining "punch list" items accounting for the expenditures out of the construction related funds in fiscal year 2014. Capital outlay expenditures related to the construction project totaled \$311,000 and \$5.4 million for fiscal years 2014 and 2013, respectively.

The remaining functional expenditures (those besides capital outlay) increased by approximately \$143,000 in fiscal year 2014 (0.9 percent); central support services expenditures reported a decrease of \$184,000 over those of the prior year as the School District continues to realize cost savings of moving into a single-site campus. That decrease was offset by the increases reported in the instructional and pupil transportation functional areas. Increasing health care costs continue to be the primary driver in the increased cost of instructional personnel. While those same costs affect pupil transportation, the decrease in reimbursements for field trips was also a contributing factor in the increased expenditures.

Expenditures for instructional services represent 59.4 percent of total expenditures less capital and debt service. Program cash receipts financed \$1.8 million of the instructional expenditures while general receipts were used to cover the remaining \$6.9 million of expenditures. In total, \$2.6 million of the School District's total expenditures were funded through program cash receipts and the remaining \$14.1 million of expenditures (84.5 percent) were funded using general cash receipts.

#### **The School District's Funds**

The School District's governmental funds are also accounted for under the cash basis of accounting. The governmental funds reported a 4.7 percent increase in fund balance from the prior fiscal year. Nearly all of this increase is reported within the general fund, the operating fund of the District, while the total of all the other remaining governmental funds reported a combined decrease in fund balance of just over \$270,000. Most of the decrease in the other governmental funds was reported in the permanent improvement capital projects fund due to the final repayment on an advance made from the general fund in a prior fiscal year. The ending unassigned fund balance represented 49.4 percent of the total expenditures reported for fiscal year 2014 within the General Fund.

The general fund is the primary operating fund of the School District. For fiscal year 2014, the general fund reported \$13.8 million in total receipts and \$12.9 million in total disbursements compared with receipts of \$13.3 million and disbursements of \$12.9 million reported for the prior year. The majority of the increase in receipts related to the increases in foundation payments and shared casino revenues, noted above, which are recorded in the general fund as intergovernmental receipts. Expenditures within the general fund were very consistent with the amounts reported for fiscal year 2013.

The increase in fund balance reported for the classroom facilities fund increased due to the completion of the project due to the reallocation of construction costs between the various funds. In May 2014, the District and OSF Commission completed closeout procedures which indicated too large of a percentage of the total costs were charged against the State funded portion of the project. As a result, just over \$441,000 was transferred from the building (other governmental) fund to the classroom facilities fund to account for this adjustment. The nearly \$150,000 decrease in the permanent improvement fund's ending fund balance resulted as that particular fund repaid advances from the general fund which were used during the initial phases of construction. That advance repayment was the final in the two-year series of repayments the permanent improvement was scheduled to make to the general fund.

### **General Fund Budgeting Highlights**

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

For the general fund, budget basis revenue was \$13.3 million as compared to the original budget estimates of \$12.9 million. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$12.5 million, or \$430,000 (3.3 percent) less than what was originally budgeted. As the possible options for revenue growth for the School District is limited, management continues its efforts to control spending in all areas possible.

### **Debt Administration**

At June 30, 2014, the School District had the following debt outstanding: three bond issues with a combined outstanding principal of \$16.6 million (\$320,657 due within one year), \$1.7 million outstanding in certificates of participation (\$45,000 due within one year), and a capital lease obligation with outstanding principal of \$61,235 (\$45,052 due within one year). Total principal payments made on all debt obligations during fiscal year 2014 were \$920,254.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Note 9 to the basic financial statements.

### **Current Issues**

The School District has finished the construction of a new school building which replaces all existing school facilities within the School District. The total construction project lasted over two years and cost approximately \$41.4 million compared with the original cost estimate of approximately \$42 million. This significant construction project, jointly financed by State (Ohio School Facilities Commission) and local resources, will provide an excellent learning environment for generations of students to come. With the completion of the construction project, the School District conducted a "project closeout" with the Ohio School Facilities Commission in May 2014. That process resulted in a preliminary conclusion that the School District would need to return nearly \$1.9 million of State funding previously received for the project as actual construction costs came in under those budgeted. It is anticipated this repayment will occur in fiscal year 2015 once the certification of completion is completed for the construction project.

The School District's general fund reported receipts exceeding disbursements for fiscal year 2014. The School District's most recent five-year forecast (October 2014) projects that starting with fiscal year 2015, that trend will reverse and cash disbursements will exceed receipts. However, pending the anticipated renewal of expiring tax levies, positive ending cash fund balances are projected through fiscal year 2019. The manner in which the State of Ohio provides funding for school districts across the State create significant fluctuations in state funding makes forecasting financial condition difficult, at best, and could have unexpected negative impacts on future budgets. Management will continue to monitor economic influences and review staffing and other expenditures as part of its commitment to financial stability for the future despite the significant financial challenges which could occur.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kay Altenburger, Treasurer, Milton-Union Exempted Village School District, 7610 Milton-Potsdam Road, West Milton, OH 45383 or call (937) 884-7910.

Milton-Union Exempted Village School District  
 Miami County, Ohio  
 Statement of Net Position - Cash Basis  
 June 30, 2014

	Governmental Activities
Cash Assets	
Equity in pooled cash, cash equivalents, and investments	\$ 13,827,649
	\$ 13,827,649
 Net Cash Position:	
Restricted for:	
Capital projects	\$ 4,568,266
Debt service	2,113,463
Facilities maintenance	462,562
Food service operations	87,384
Education grants	47,624
Student activities	16,403
Unrestricted	6,531,947
Total Net Cash Position	\$ 13,827,649

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District  
Miami County, Ohio  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2014

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Expenditure)</u> <u>Receipt and</u> <u>Changes in</u> <u>Net Cash Position</u> <u>Governmental</u> <u>Activities</u>
		<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 6,579,088	\$ 1,045,902	\$ 104,890	\$ (5,428,296)
Special	1,741,736	84,665	588,719	(1,068,352)
Vocational	85,541	-	-	(85,541)
Student intervention services	23,950	-	-	(23,950)
Other	323,059	-	-	(323,059)
Support Services:				
Pupils	823,887	964	13,476	(809,447)
Instructional staff	275,470	-	-	(275,470)
Board of education	79,157	-	-	(79,157)
Administration	1,175,573	-	-	(1,175,573)
Fiscal	516,135	-	-	(516,135)
Business	14,999	-	-	(14,999)
Operation and maintenance of plant	999,693	2,851	-	(996,842)
Pupil transportation	844,058	-	-	(844,058)
Central	217,484	-	8,169	(209,315)
Operation of non-instructional services	522,517	229,319	307,318	14,120
Extracurricular activities	508,347	193,185	4,375	(310,787)
Capital Outlay	311,228	-	7,343	(303,885)
Debt Service:				
Principal	880,000	-	-	(880,000)
Interest	811,468	-	-	(811,468)
Total Governmental Activities	<u>\$ 16,733,390</u>	<u>\$ 1,556,886</u>	<u>\$ 1,034,290</u>	<u>(14,142,214)</u>
General Cash Receipts				
Property Taxes Levied for:				
General purposes				4,958,575
Capital projects				336,489
Income Taxes Levied for:				
General purposes				169,013
Capital projects				1,851,294
Facility maintenance				92,350
Grants and entitlements not restricted to specific purposes				7,134,493
Interest				93,109
Miscellaneous				124,995
Total General Receipts				<u>14,760,318</u>
Change in Net Cash Position				618,104
Net Cash Position Beginning of Year				<u>13,209,545</u>
Net Cash Position End of Year				<u>\$ 13,827,649</u>

See accompanying notes to the basic financial statements.



Milton-Union Exempted Village School District  
Miami County, Ohio  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
June 30, 2014

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Assets:</b>						
Equity in pooled cash, cash equivalents and investments	<u>\$ 6,534,599</u>	<u>\$ 2,113,463</u>	<u>\$ 76,435</u>	<u>\$ 3,917,471</u>	<u>\$ 1,185,681</u>	<u>\$ 13,827,649</u>
<b>Total Assets</b>	<u>\$ 6,534,599</u>	<u>\$ 2,113,463</u>	<u>\$ 76,435</u>	<u>\$ 3,917,471</u>	<u>\$ 1,185,681</u>	<u>\$ 13,827,649</u>
<b>Fund Balances:</b>						
Restricted for:						
Capital projects	\$ -	\$ -	\$ 76,435	\$ 3,917,471	\$ 574,360	\$ 4,568,266
Debt service	-	2,113,463	-	-	-	2,113,463
Facilities maintenance	-	-	-	-	462,562	462,562
Food service operations	-	-	-	-	87,384	87,384
Student activities	-	-	-	-	16,403	16,403
Federal education grants	-	-	-	-	15,142	15,142
Other education grants	-	-	-	-	32,482	32,482
Committed for:						
Employee termination benefits	38,727	-	-	-	-	38,727
Assigned for:						
School activities	36,280	-	-	-	-	36,280
Future expenditures	198,271	-	-	-	-	198,271
Unassigned	<u>6,261,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,652)</u>	<u>6,258,669</u>
<b>Total Fund Balances</b>	<u>\$ 6,534,599</u>	<u>\$ 2,113,463</u>	<u>\$ 76,435</u>	<u>\$ 3,917,471</u>	<u>\$ 1,185,681</u>	<u>\$ 13,827,649</u>

See accompanying notes to the basic financial statements.



Milton-Union Exempted Village School District  
Miami County, Ohio  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement Fund	Permanent Improvement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>						
Property and other local taxes	\$ 4,958,575	\$ -	\$ 336,489	\$ -	\$ -	\$ 5,295,064
Income tax	169,013	-	1,851,294	-	92,350	2,112,657
Intergovernmental	7,010,528	32,245	75,008	16,712	981,178	8,115,671
Interest	69,449	5,876	1,014	16,765	5	93,109
Tuition and fees	1,130,567	-	-	-	-	1,130,567
Extracurricular activities	69,039	-	-	-	124,146	193,185
Customer sales and services	-	-	-	-	229,319	229,319
Gifts and donations	1	-	7,343	-	40,932	48,276
Miscellaneous	14,157	-	-	-	1,912	16,069
<b>Total Receipts</b>	<b>13,421,329</b>	<b>38,121</b>	<b>2,271,148</b>	<b>33,477</b>	<b>1,469,842</b>	<b>17,233,917</b>
<b>Cash Disbursements</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	6,481,899	-	-	-	97,189	6,579,088
Special	1,163,626	-	-	-	578,110	1,741,736
Vocational	85,541	-	-	-	-	85,541
Student intervention services	22,311	-	-	-	1,639	23,950
Other	323,059	-	-	-	-	323,059
<b>Support Services:</b>						
Pupils	815,786	-	-	-	8,101	823,887
Instructional staff	266,339	-	-	-	9,131	275,470
Board of education	79,157	-	-	-	-	79,157
Administration	1,175,541	-	32	-	-	1,175,573
Fiscal	477,704	1,550	36,351	-	530	516,135
Business	14,999	-	-	-	-	14,999
Operation and maintenance of plant	876,082	-	27,339	-	96,272	999,693
Pupil transportation	688,736	-	155,312	-	10	844,058
Central	112,084	-	97,911	-	7,489	217,484
Operation of non-instructional services	492	-	-	-	522,025	522,517
Extracurricular activities	100,006	-	40,244	-	368,097	508,347
Capital Outlay	-	-	88,648	165,179	57,401	311,228
<b>Debt Service:</b>						
Principal	-	880,000	-	-	-	880,000
Interest	-	811,468	-	-	-	811,468
<b>Total Disbursements</b>	<b>12,683,362</b>	<b>1,693,018</b>	<b>445,837</b>	<b>165,179</b>	<b>1,745,994</b>	<b>16,733,390</b>
<b>Excess of Receipts Over(Under)</b>						
Disbursements	737,967	(1,654,897)	1,825,311	(131,702)	(276,152)	500,527
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	1,700,000	-	441,165	240,000	2,381,165
Advances in	277,000	-	-	-	-	277,000
Refund of prior year expenditures	113,687	-	-	-	3,890	117,577
Transfers out	(240,000)	-	(1,700,000)	-	(441,165)	(2,381,165)
Advances out	-	-	(275,000)	-	(2,000)	(277,000)
<b>Total Other Financing Sources (Uses)</b>	<b>150,687</b>	<b>1,700,000</b>	<b>(1,975,000)</b>	<b>441,165</b>	<b>(199,275)</b>	<b>117,577</b>
<b>Net Change in Fund Balance</b>	<b>888,654</b>	<b>45,103</b>	<b>(149,689)</b>	<b>309,463</b>	<b>(475,427)</b>	<b>618,104</b>
<b>Fund Balance, Beginning of Year</b>	<b>5,645,945</b>	<b>2,068,360</b>	<b>226,124</b>	<b>3,608,008</b>	<b>1,661,108</b>	<b>13,209,545</b>
<b>Fund Balance, End of Year</b>	<b>\$ 6,534,599</b>	<b>\$ 2,113,463</b>	<b>\$ 76,435</b>	<b>\$ 3,917,471</b>	<b>\$ 1,185,681</b>	<b>\$ 13,827,649</b>

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District  
Miami County, Ohio  
Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance (Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Property and other local taxes	\$ 4,905,652	\$ 4,958,575	\$ 4,958,575	\$ -
Income tax	171,878	169,013	169,013	-
Intergovernmental	6,810,754	7,010,615	7,010,528	(87)
Interest	63,000	65,000	69,449	4,449
Tuition and fees	926,400	1,060,151	1,060,148	(3)
Miscellaneous	17,000	18,379	17,977	(402)
Total Receipts	<u>12,894,684</u>	<u>13,281,733</u>	<u>13,285,690</u>	<u>3,957</u>
Cash Disbursements				
Current:				
Instruction:				
Regular	6,241,472	6,374,856	6,186,669	188,187
Special	1,149,357	1,225,327	1,113,405	111,922
Vocational	90,696	91,039	85,541	5,498
Student intervention services	12,750	22,350	22,311	39
Other	321,690	368,242	323,059	45,183
Support Services:				
Pupils	911,452	919,854	817,228	102,626
Instructional staff	431,061	429,515	268,865	160,650
Board of education	80,222	94,894	87,715	7,179
Administration	1,284,418	1,217,635	1,178,898	38,737
Fiscal	443,205	535,913	491,016	44,897
Business	15,347	15,414	14,999	415
Operation and maintenance of plant	995,086	1,025,191	966,074	59,117
Pupil transportation	720,331	739,237	730,955	8,282
Central	153,102	167,508	131,487	36,021
Extracurricular activities	30,552	32,318	32,000	318
Total Disbursements	<u>12,880,741</u>	<u>13,259,293</u>	<u>12,450,222</u>	<u>809,071</u>
Excess of Receipts Over(Under)				
Disbursements	<u>13,943</u>	<u>22,440</u>	<u>835,468</u>	<u>813,028</u>
Other Financing Sources (Uses):				
Advances in	277,000	300,660	300,600	(60)
Refund of prior year expenditures	5,300	114,558	113,687	(871)
Transfers out	(300,001)	(320,001)	(320,000)	1
Advances out	-	(23,560)	(23,560)	-
Total Other Financing Sources (Uses)	<u>(17,701)</u>	<u>71,657</u>	<u>70,727</u>	<u>(930)</u>
Net Change in Fund Balance	(3,758)	94,097	906,195	812,098
Fund Balance at Beginning of Year	5,005,847	5,005,847	5,005,847	-
Prior Year Encumbrances Appropriated	331,186	331,186	331,186	-
Fund Balance at End of Year	<u>\$ 5,333,275</u>	<u>\$ 5,431,130</u>	<u>\$ 6,243,228</u>	<u>\$ 812,098</u>

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District  
 Miami County, Ohio  
 Statement of Fiduciary Net Position - Cash Basis  
 June 30, 2014

	Private Purpose Trust Funds	Agency Funds
Assets		
Equity in pooled cash, cash equivalents, and investments	\$ 38,211	\$ 22,027
Total Assets	\$ 38,211	\$ 22,027
Net Cash Position	\$ 38,211	\$ 22,027

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District  
 Miami County, Ohio  
 Statement of Changes in Fiduciary Net Position - Cash Basis  
 Private Purpose Trust Funds  
 For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Funds
Additions:	
Gifts and contributions	\$ 20,800
Total Additions	20,800
Deductions:	
Payments in accordance with trust agreements	16,000
Total Deductions	16,000
Change in Net Position	4,800
Net Position, Beginning of Year	33,411
Net Position, End of Year	\$ 38,211

See accompanying notes to the basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The Milton-Union Exempted Village School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is governed by a locally elected five member Board of Education (the Board) which provides educational services.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) requirements that the financial statements include all organizations, activities, functions and component units for which the School District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the School District's ability to impose its will over the organization will provide a financial benefit to, or impose a financial burden on the School District. There were no potential component units that met the applicable criteria to be included in the School District's reporting entity. Based on the foregoing, the reporting entity of the School District includes the following services: instruction (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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 GASB pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the School District's accounting policies.

***Basis of Presentation***

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at year-end. The statement of activities compares disbursements with program receipts for each function or program of the School 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 School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational needs of 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 cash basis or draws from the School District's general receipts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Financial Statements

During the year, the School District segregates transactions related to certain School 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 School 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***Fund Accounting***

The School 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 various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

General Fund – This 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – This fund accounts for and reports the accumulation of restricted resources and the payment of long-term obligations, specifically the general obligation bonds and other obligations issued in conjunction with the School District's school facilities project.

Permanent Improvement Fund – This fund is to account for and report the accumulation of resources received through local property and income taxes received and the payments made for significant capital purchases made by the School District.

Classroom Facilities Fund – This fund is used to account for state grant monies provided by the Ohio School Facilities Commission as well as bond proceeds to be used for the construction of new school facilities.

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

Fiduciary Funds

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Basis of Accounting***

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are reported when cash is paid rather than when a liability is incurred.

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash, cash equivalents, and investments". All investments of the cash management pool are considered to be cash and cash equivalents for financial reporting purposes.

During fiscal year 2014, investments included nonnegotiable certificates of deposits, negotiable certificates of deposit, federal agency securities, money market and mutual funds and STAR Ohio. All investments, with the exception of STAR Ohio, are reported at cost. 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.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2014 was \$69,449, which included \$6,187 assigned from other School District funds.

***Budgetary Process***

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 tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. 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 legal level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and at the fund level for all other funds. Budgetary allocations at levels below the legal level of control are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate requested by the School District prior to fiscal year end.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Budgetary Process (continued)***

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

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, the budgetary basis as provided by law is based upon accounting for certain transactions of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance (Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to reconcile cash and budget basis statements for the General Fund are as follows:

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
Cash Basis	\$ 888,654
Encumbrances	(198,271)
Excess(deficit) of Funds Combined with General Fund for Reporting Purposes	<u>215,812</u>
Budget Basis	<u>\$ 906,195</u>

***Capital Assets***

Acquisition of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

***Compensated Absences***

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

***Long-Term Obligations***

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 are reported when disbursements are made.

***Net position***

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The School District's policy is to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fund Balance***

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The School District did not have any fund balance classified as nonspendable at fiscal year-end.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School 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 School District’s governing board.

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 School District applies restricted resources first when expenditures are 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 could be used.

***Interfund Activity***

Transfers and advances within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. If there is an intention for repayment, the flows of cash or goods between funds are reported as interfund advances. Both interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statement.

**NOTE 2 – ACCOUNTABILITY AND COMPLIANCE**

**Accountability:**

At June 30, 2014 the Race to the Top Grant fund, a non-major special revenue fund, reported a fund deficit of \$2,652. This deficit resulted from grant expenditures incurring prior to receiving the School District requesting a draw on the grant funding.

**Compliance:**

Ohio Administrative Code, Section 117-2-03(B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statement on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

Inactive Monies – These monies have been identified by the Board of Education as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – These monies 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 School District may 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposits or savings or deposits accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

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 School 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.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At fiscal year end, the carrying amount of the School District's deposits was \$1,006,599 and the bank balance was \$1,144,657. Federal depository insurance covered \$651,957 of the bank balance at year end with the remaining \$492,700 being secured by collateral pools described above.

**Investments**

The School District's investments at June 30, 2014 were as follows:

	Carrying Value	% of Portfolio	Investment Maturities		
			> 1 year	1 to 3 yrs	3 to 5 yrs
STAR Ohio	\$ 3,034,018	23.5%	\$ 3,034,018	\$ -	\$ -
Mutual Funds	1,021,550	8.2%	1,021,550	-	-
Negotiable CDs	6,525,720	50.4%	2,003,000	2,223,567	2,299,153
FHLB Bonds	2,300,000	17.9%	-	-	2,300,000
Total	<u>\$ 12,881,288</u>	<u>100.0%</u>	<u>\$ 6,058,568</u>	<u>\$ 2,223,567</u>	<u>\$ 4,599,153</u>

The School District's investment policy authorizes the Treasurer to make investments of available monies from the funds of the School District in securities authorized by State law.

*Interest Rate Risk* – The Ohio Revised Code and School District policy require that investments mature within five (5) years of settlement date, unless they are matched to a specific obligation or debt of the School District.

*Concentration of Credit Risk* – The School District's policy limits investment in commercial paper and bankers' acceptances to 25 percent of the total investment portfolio. The percentage of each investment to the School District's total portfolio is presented in the table above.

*Custodial Credit Risk* – The negotiable certificates of deposit are insured by the FDIC. The Federal Home Loan Bank (FHLB) bonds and mutual funds are rated AA+ by Moody's and Standard & Poor's. STAR Ohio is rated by AAAM by Standard & Poor's. The School District's has no policy regarding credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**NOTE 4 - PROPERTY TAXES**

Property taxes include amounts levied against all real estate and public utility property located in the School District. Real property taxes collected during 2014 were levied after April 1, 2013 on assessed values as of January 1, 2013, the lien date.

Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable on June 20.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public tangible personal property is currently assessed at 100 percent of its true value. Public utility personal property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the School District. The County Auditor periodically remits to the School District its portion of the taxes collected. The tax rate per \$1,000 of assessed valuation was \$66.80 and the assessed values upon which the fiscal year 2014 receipts were based are as follows:

	<u>2014 First Half Collections</u>	<u>2013 Second Half Collections</u>
Agricultural/residential and other real estate property	\$ 169,519,770	\$ 175,643,360
Public utility personal property	<u>9,223,240</u>	<u>9,857,620</u>
Total	<u>\$ 178,743,010</u>	<u>\$ 185,500,980</u>

**NOTE 5 - INCOME TAXES**

The School District levies a 1.25 percent, dual purpose, earned income tax levy. Of the 1.25 percent, 1.15 percent is used to provide the local portion of a school facilities project that has replace all existing school facilities within the School District with a new kindergarten through grade twelve building on one site; including debt retirement and the required maintenance fund. The remaining 0.10 percent of the total levy amount is used for general operating purposes.

Employers of residents are required to withhold income tax on compensation and remit the tax to the State Department of Taxation. Taxpayers are required to file an annual return. The State Department of Taxation makes quarterly distributions to the school districts after withholding amounts for administrative fees and estimated refunds. Income tax receipts are posted to the general, capital improvement and school facilities maintenance funds.

**NOTE 6 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage amounts from those of the prior fiscal year. During fiscal year 2014, the School District contracted with Argonaut Insurance Company for insurance coverage, as follows:

**NOTE 6 - RISK MANAGEMENT (continued)**

Coverage	Limits	Deductible
General, Educators Legal, and Employment Practices Liability	\$1 million per/\$3 million annually	\$2,500
Automobile Liability	\$1 million combined limit	\$500
Commercial Property	\$43.2 million blanket limit	\$1,000

For fiscal year 2014, the School District participated in the CompManagement Group Retrospective Rating Plan. This plan is a performance-based incentive program designed to recover a portion of premium for employers that reduce injury rate and lower associated claims costs. It is similar to group rating, as employers are evaluated as if the group was one big organization. However, with this program, organizations continue to pay their own individual premium but have the opportunity to receive retrospective premium adjustments (refunds or assessments based on the performance of the group) at the end of each of the three evaluation periods (12, 24 and 36 months after the end of the policy year) performed by the Ohio Bureau of Workers' Compensation. Group assessments are limited to a premium cap, currently set at \$4 million for the entire group. For fiscal year, the School District has not been assessed any additional premium through its participation in the Plan.

The School District provides medical (United Health Care), dental (Delta Dental) and life insurance (Sun Life) benefits to its employees through participation in the Southwestern Ohio Educational Council's Medical Benefit Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover administration costs of the program.

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

***School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$234,499, \$251,724 and \$232,412 respectively; which was equal to the required contribution for each year.



**NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)**

***State Teachers Retirement System***

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

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

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary. Employee contributions are scheduled to increase 1 percent for each of the next three fiscal years until the rate reaches 14 percent effective July 1, 2016. At that point, both the employee and employer contribution rates will be 14 percent, the statutory maximum rates. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$777,794, \$823,557, and \$856,473 respectively; which were equal to the required contributions for each year.

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, two (2) members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

***School Employee Retirement System***

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2014, this amount was \$22,150 for the School District.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$24,656, \$26,674, and \$32,351 respectively; which were equal to the required contributions for each year.

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 School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$13,605, \$14,220, and \$13,725 respectively; which were equal to the required contributions for each year.

***State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$59,830, \$63,351, and \$65,883 respectively; which were equal to the required contributions for each year.

Milton-Union Exempted Village School District  
Miami County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 9 - LONG-TERM OBLIGATIONS**

The activity of the School Districts long-term obligations during fiscal year 2014 was as follows:

	Balance July 1, 2013	Increase	Decrease	Balance June 30, 2014	Due within One Year
Governmental Activities:					
2009 SI Revenue Bonds:					
Current Interest Serial 3.0% - 5.0%	\$ 9,450,000	\$ -	\$ 565,000	\$ 8,885,000	\$ -
Current Interest Term 5.0%	2,015,000	-	-	2,015,000	-
Capital Appreciation 4.1% - 5.0%	632,982	-	-	632,982	184,456
2010 SI Energy Conservation Bonds:					
Current Interest Term 1.2% - 4.0%	795,000	-	65,000	730,000	65,000
Capital Appreciation	12,776	-	-	12,776	-
2009 SI General Obligation Bonds:					
Current Interest Serial 2.0% - 4.0%	1,090,000	-	205,000	885,000	-
Current Interest Term 4.0% - 4.5%	3,290,000	-	-	3,290,000	-
Capital Appreciation 3.8% - 4.0%	174,997	-	-	174,997	71,201
2010 Certificates of Participation					
School Improvement 1.8% - 6.375%	1,755,000	-	45,000	1,710,000	45,000
Capital Leases Payable	101,489	-	40,254	61,235	45,052
<b>Total General Long-Term Obligations</b>	<b>\$ 19,317,244</b>	<b>\$ -</b>	<b>\$ 920,254</b>	<b>\$ 18,396,990</b>	<b>\$ 410,709</b>

**2009 School Improvement Revenue Bonds:**

On May 20, 2009 the School District issued \$13,702,982 in revenue bonds for construction of school facilities. The bonds include serial, term, and capital appreciation bonds, in the original amount of \$11,055,000, \$2,015,000, and \$632,982, respectively. The bonds were issued for a twenty-two year period with final maturity on December 1, 2032. The bonds are being retired from the Bond Retirement debt service fund.

The serial and term bonds maturing after December 1, 2020, are subject to redemption at the option of the School District, either in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the School District on or after December 1, 2019, which is 100 percent of the face value of the current interest bonds.

The capital appreciation bonds will mature in fiscal years 2015 to 2019 and have a total maturity amount of \$2,925,000.

The School District has pledged a portion of the proceeds from the one and one-quarter percent (1.25%) income tax to repay the bonds. The bonds are payable solely from the 1.25 percent income tax levied by the School District on the taxable income of individuals as defined in Section 5748.01(E)(1)(b) of the Ohio Revised Code which went into effect on January 1, 2009 and is for a continuing period of time. From this income tax, 0.1 percent is collected for current expenses and 1.15 percent is dedicated solely to provide funds for permanent improvements; from which bond service charges will be made. Income tax dedicated to permanent improvements is projected to produce approximately 170 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$20,352,211, payable through December 1, 2032. For the current year, the School District paid \$1,074,500 in debt service; \$565,000 in principal and \$509,500 in interest. Income tax receipts related to permanent improvements that were received in fiscal year 2014 totaled \$1,943,644.



**NOTE 9 - LONG-TERM OBLIGATIONS (continued)**

**2009 School Improvement General Obligation Bonds:**

On November 3, 2009 the School District issued \$4,999,997 in general obligation bonds for construction of school facilities. The bonds include serial, term, and capital appreciation bonds, in the original amount of \$1,535,000, \$3,290,000, and \$174,997, respectively. The bonds were issued for a twenty-one year period with final maturity on December 1, 2031. The bonds are being retired from the Bond Retirement debt service fund.

The serial and term bonds maturing on December 1, 2017 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the School District on or after December 1, 2016 at par, which is 100 percent of the face value of the bonds.

The capital appreciation bonds will mature in fiscal years 2015 to 2017 and have a total maturity amount of \$630,000.

**2010 School Improvement Energy Conservation Bonds:**

On January 13, 2010 the School District issued \$997,776 in energy conservation bonds for construction of school facilities. The bonds include term and capital appreciation bonds, in the original amount of \$985,000 and \$12,776, respectively. The bonds were issued for a fourteen year period with final maturity on December 1, 2024. The bonds are being retired from the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2019 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the School District on or after June 1, 2017 at the redemption price of 100 percent.

The capital appreciation bonds will mature in fiscal year 2017 and have a total maturity amount of \$65,000.

Principal and interest requirements to retire the School District's outstanding bonds at June 30, 2014 are shown in the table below.

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	\$ 320,657	\$ 1,239,277	\$ 1,559,934
2016	271,955	1,286,517	1,558,472
2017	180,308	1,377,431	1,557,739
2018	373,222	1,180,120	1,553,342
2019	364,613	1,188,908	1,553,521
2020-2024	4,750,000	2,934,771	7,684,771
2025-2029	5,470,000	1,829,920	7,299,920
2030-2033	4,895,000	467,543	5,362,543
Total	<u>\$ 16,625,755</u>	<u>\$ 11,504,487</u>	<u>\$ 28,130,242</u>

**NOTE 9 - LONG-TERM OBLIGATIONS (continued)**

**2010 School Improvement Certificates of Participation:**

On March 3, 2010 the School District issued \$1,885,000 in taxable certificates of participation for construction of school facilities. This issue contained a portion of the taxable certificates under the Build America Bond program. These bonds were issued for a twenty-seven year period with final maturity on December 1, 2037. The bonds are being retired from the Bond Retirement debt service fund.

The American Recovery and Reinvestment Act of 2009 allowed entities to issue taxable obligations, referred to as "Build America Bonds", to finance capital expenditures for which they could issue tax-exempt obligations, and to elect to receive payments from the federal government equal to 35 percent of the corresponding interest payable on such taxable obligations. The School District designated \$35,000 of the base rent underlying the certificates of participation as taxable obligations (Taxable Certificates) and the remaining \$1,850,000 as taxable obligations under the Build America Bond program (Series 2010 BABs).

Each Certificate represents a proportionate interest in the right to receive base rent payments by the School District under the lease agreement. By the assignment, the Lessor has assigned its right to receive base rent payments to the Trustee for the benefit of the owners of the Certificates. Renewals of the lease and the obligations of the School District to make base rent payments after June 30, 2010 are subject to and dependent upon lawful appropriations being made for the that purpose and certification of the sufficiency of those appropriations. The Certificates, the lease and the obligation to make base rent payments do not represent or constitute a debt of, or a pledge of the faith and credit of, the School District. Neither the general credit nor the taxing power of the School District is pledged to payment of the principal of or premium, if any, or interest on the Certificates.

Principal and interest requirements to retire the District's outstanding certificates of participation at June 30, 2014 are shown in the table below.

Fiscal Year Ended June 30,	Taxable Certificates			Effective Debt Service	
	Principal	Interest	Total	Federal Subsidy	Adjusted Total
2015	\$ 45,000	\$ 97,477	\$ 142,477	\$ (34,117)	\$ 108,360
2016	45,000	95,678	140,678	(33,487)	107,191
2017	45,000	93,877	138,877	(32,857)	106,020
2018	45,000	91,898	136,898	(32,164)	104,734
2019	50,000	89,617	139,617	(31,366)	108,251
2020-2024	265,000	409,770	674,770	(143,420)	531,350
2025-2029	320,000	331,223	651,223	(115,927)	535,296
2030-2034	385,000	225,600	610,600	(78,960)	531,640
2035-2038	510,000	80,006	590,006	(28,003)	562,003
Total	<u>\$ 1,710,000</u>	<u>\$ 1,515,146</u>	<u>\$ 3,225,146</u>	<u>\$ (530,301)</u>	<u>\$ 2,694,845</u>

The Series 2010 BABs maturing on December 1, 2020 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the School District on or after June 1, 2020 at par, which is 100 percent of the face value of the Series 2010 BABs.

**NOTE 9 - LONG-TERM OBLIGATIONS (continued)**

In addition, the Series 2010 BABs are subject to extraordinary optional redemption by the School District prior to maturity, in whole at any time or in part on any interest payment date, at a redemption price of 100 percent (expressed as a percentage of the principal amount), plus interest accrued to the date fixed for redemption in the event that the Build America Payments from the federal government cease or are in an amount less than 35 percent of the corresponding interest payable on the Series 2010 BABs.

***Capital Leases - Lessee Disclosure***

In a prior fiscal year, the School District entered into a lease agreement to finance the purchase of several copiers used throughout the School District. Equipment acquired in prior school years was also financed through lease agreements. These lease agreements meet the criteria of capital leases where the lease transfers the benefits and risk of ownership to the lessee. The value of the equipment acquired through capital leases outstanding at June 30, 2014 totaled \$189,088 and principal payments made during the year totaled \$40,254. Principal and interest payments for these capital leases are made from the general fund and district managed student activity special revenue fund and reported within the appropriate function which utilizes the assets.

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

	Fiscal Year Ended June 30,		
	2015	\$	49,692
	2016		16,564
Total			66,256
Less: Amount Representing Interest			(5,021)
Present Value of Net Minimum Lease Payments		\$	61,235

**NOTE 10 – RELATED ORGANIZATION**

The Milton-Union Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by the Board of Trustees appointed by the Milton-Union Exempted Village School District. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from Milton-Union Public Library, Jerry Kohl, Clerk/Treasurer, at 560 South Main Street, West Milton, Ohio 45383.

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

***Southwestern Ohio Educational Purchasing Council***

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (continued)**

Payments to SOEPC are made from the School District's general fund. During fiscal year 2014, the School District paid \$1,894,800 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

***Southwestern Ohio Instructional Technology Association***

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after the nominating committee nominates individuals to run. One at-large non-public service representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government for a public purpose. Payments to SOITA are made from the School District's general fund. No payments were made to SOITA by the School District in fiscal year 2014. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

***Miami Valley Career Technology Center***

The Miami Valley Career Technology Center (MVCTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. No payments were made to MVCTC by the School District in fiscal year 2014. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

***Metropolitan Dayton Educational Computer Association***

The School District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Governing Board consists of seven superintendents of member school districts, with six of the superintendents elected by majority vote of all member school districts except the Montgomery County Educational Service Center. The seventh superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$19,310 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 201 Riverside Drive Suite 1C, Dayton, Ohio 45405.

**NOTE 12 - CONTINGENCIES**

***Grants***

The School 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

***Litigation***

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

**NOTE 13 – INTERFUND ACTIVITY**

***Transfers***

The following is a summary of the School District's transfers in and out for all funds for fiscal year 2014:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 240,000
Bond Retirement Fund	1,700,000	-
Permanent Improvement Fund	-	1,700,000
Classroom Facilities Fund	441,165	-
Other Governmental Funds	<u>240,000</u>	<u>441,165</u>
Total All Funds	<u>\$ 2,381,165</u>	<u>\$ 2,381,165</u>

Transfers out of the permanent improvement fund consist of income tax receipts required to be paid into this fund are then allocated to the debt service fund, for repayment of outstanding debt issued to finance construction of school facilities. The transfer out of the non-major governmental fund (building fund) to the classroom facilities fund resulted from the OSFC closeout procedures performed after completion of the school construction project. The results of the closeout procedures indicated the locally funded initiatives (LFI) funding should have been used for \$441,165 of construction expenditures which were originally posted to the classroom facilities fund in prior years; therefore the transfer of funds were made to correct the fund balances in the respective funds.

***Advances***

The following is a summary of the School District's advances in and out for all funds for fiscal year 2014:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 277,000	\$ -
Permanent Improvement Fund	-	275,000
Other Governmental Funds	<u>-</u>	<u>2,000</u>
Total All Funds	<u>\$ 277,000</u>	<u>\$ 277,000</u>

Advances are used to temporarily provide operating resources to funds with the expectation the resources will be repaid once monies are available in the funds receiving the advance. The advance from the permanent improvement fund to the general fund was made as the second of two installment payments by the permanent improvement fund back to the general fund repaying the general fund for funds provided to finance some of the local initiatives within the construction of the school facilities. The advance from the other governmental funds to the general fund represents the return of funds advanced to the miscellaneous state grants special revenue fund from the general fund during the previous school year.

**NOTE 14 - COMMITMENTS**

***Encumbrances***

At year end the School District had the following amounts encumbered for future purchase obligations:

Fund	Year-End Encumbrances
General Fund	\$ 202,066
Bond Retirement Fund	700
Permanent Improvement Fund	69,506
Non-major Governmental Funds	133,909
	\$ 406,181

***Construction Project Close-out***

In May 2014, the Ohio Facilities Construction Commission and the School District conducted a project closeout associated with the school facilities project completed during fiscal year 2014. The preliminary results of the closeout procedures indicated the School District would need to return \$1,880,956 of State funding previously received for the project as actual construction costs were under the budgeted costs. Once a certification of completion is executed for the project, the School District will remit payment to the State of Ohio.

**NOTE 15 – CAPITAL IMPROVEMENT SET-ASIDE**

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

	Capital Improvements
Set-aside reserve balance as of June 30, 2013	\$ -
Current year set-aside requirement	255,626
Contributions in excess of the current fiscal year set-aside requirements	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(1,943,644)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	\$ (1,688,018)
Balance carried forward to fiscal year 2015	\$ -
Set-aside balance June 30, 2014	\$ -

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to zero for the capital improvements set-aside.



**NOTE 16 – TERMINATION BENEFITS**

In fiscal year 2011, the School District entered into an Employee Service Plan (ESP) which offered an early retirement incentive to full and part-time teachers and classified staff members who had ten or more years of service with the School District or who were eligible for full or reduced state retirement benefits as of June 30, 2011. Eligible teachers would receive \$45,000 plus an amount equivalent to the employee's applicable contractual severance payment. Eligible classified employees would receive 100 percent of his/her fiscal year 2011 base salary not to exceed \$20,000 plus an amount equivalent to the employee's applicable contractual severance payment. Furthermore, eligible employees that had 28.99 years but less than 30.00 years or 33.99 years but less than 35 years of service credit under a state retirement system as of June 30, 2011 could had the option to set retirement date at June 30, 2012 as opposed to June 30, 2011.

The total amount of termination benefits for employees electing to enroll in the ESP was \$532,193 and is be funded by the School District over a period of three years beginning in August 2011. Payment made under the ESP during fiscal years 2014, 2013 and 2012 were \$210,617, \$210,616 and \$110,960, respectively. The fiscal year 2014 payment represented the final payment associated with the ESP.

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2014, the School District implemented GASB Statements No. 65, *Items Previously Reported as Assets and Liabilities*; No. 66, *Technical Corrections – 2012*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 65 reclassifies, as deferred outflow of resources or deferred inflow of resources, certain items that were previously reported as assets or liabilities. Specifically, deferred inflows or outflows of resources from derivatives and service concession arrangements will be reported in separate sections of the balance sheet after assets as well as after liabilities.

GASB Statement No. 66 clarifies accounting and reporting issues related to risk financing (self-insurance), operating lease agreements, the purchase of loan amounts, and the sale of mortgage loans.

GASB Statement No. 70 establishes reporting standards for nonexchange financial guarantee and to recognize a liability when qualitative factors and historical data indicate the government will more than likely be required to make a payment on the guarantee.

The implementation of these statements did not impact the School District's beginning net cash position for fiscal year 2014.

Milton-Union Exempted Village School District  
Miami County, Ohio  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014

Federal Agency/ Pass Through Agency/ Program Title	Federal CFDA Number	Grant Year	Receipts	Disbursements
U.S. Department of Agriculture:				
<i>Passed through Ohio Department of Education:</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2014	\$ 59,872	\$ 59,872
Cash Assistance:				
National School Breakfast Program	10.553	2014	35,967	35,967
National School Lunch Program	10.555	2014	<u>258,936</u>	<u>258,936</u>
Total Nutrition Cluster			<u>354,775</u>	<u>354,775</u>
Total US Department of Agriculture			<u>354,775</u>	<u>354,775</u>
U.S. Department of Education:				
<i>Passed through Ohio Department of Education:</i>				
Title I, Part A Grants to Local Education Agencies	84.010	2014	251,033	244,276
		2013	<u>38,978</u>	<u>39,290</u>
Total Title I, Part A Grants to Local Education Agencies			290,011	283,566
Special Education Cluster:				
Special Education Grants to States	84.027	2014	290,968	288,415
		2013	<u>-</u>	<u>493</u>
Total Special Education Grants to States			290,968	288,908
<i>Passed through Miami County ESC:</i>				
Special Education Preschool Grant	84.173	2013	<u>3,669</u>	<u>3,669</u>
Total Special Education Cluster			294,637	292,577
<i>Passed through Ohio Department of Education:</i>				
Improving Teacher Quality State Grants	84.367	2014	57,158	57,158
		2013	<u>423</u>	<u>2,255</u>
Total Improving Teacher Quality State Grants			57,581	59,413
ARRA - Race-to-the-Top Incentive Grants	84.395	2014	16,213	13,996
ARRA - Race-to-the-Top Mini Grants		2014	<u>-</u>	<u>5,412</u>
Total Race-to-the-Top Incentive Grants			<u>16,213</u>	<u>19,408</u>
Total U.S. Department of Education			<u>658,442</u>	<u>654,964</u>
Total Federal Assistance			<u>\$ 1,013,217</u>	<u>\$ 1,009,739</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**1. Significant Accounting Policies:**

The accompanying schedule of expenditures of federal awards is a summary of the federal awards programs of the Milton-Union Exempted Village School District (the School District). This schedule has been prepared on the cash basis of accounting.

**2. U.S. Department of Agriculture Programs:**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2014 the School District had no significant food commodities in inventory.

**3. Matching Requirements:**

Certain federal programs require the School District to contribute non-federal funds (matching funds) to support federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal (matching) funds is not included on the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Milton-Union Exempted Village School District  
7610 Milton-Potsdam Rd.  
West Milton, Ohio 45383

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milton-Union Exempted Village School District (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 12, 2014, wherein we noted the District prepared its financial statements on a cash accounting basis, which is a basis other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control of financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we are required to report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2014-001.

**District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 12, 2014

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Milton-Union Exempted Village School District  
7610 Milton-Potsdam Rd.  
West Milton, Ohio 45383

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

We have audited the Milton-Union Exempted Village School District (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 12, 2014

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted
Identification of major programs:	
CFDA 84.010 – Title I, Part A Grants to Local Education Agencies	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

## **Section II – Financial Statement Findings**

### **2014-001: Reporting Annual Financial Statements**

*Condition:* The District's annual financial statements follow a comprehensive accounting basis other than accounting principles generally accepted in the United States of America (GAAP).

*Criteria:* Ohio Administrative Code Section 117-2-3(B) requires the District to prepare its annual financial report in accordance with GAAP.

*Effect:* Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report in accordance with GAAP.

*Cause:* Due to current economic issues, the District elected to prepare and submit its annual financial report on the cash basis of accounting as a means to realize savings in accounting and auditing fees on an annual basis. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

*Recommendation:* We recommend the District further consider reporting its annual financial report in accordance with GAAP.

*Management Response:* The District is aware of the financial reporting requirements and the District's management believes that filing GAAP would cost an additional \$10,000 per year with no appreciable benefit to the District.

## **Section III – Federal Awards Findings and Questioned Costs**

None noted

**Finding 2013-001: Report Annual Financial Statements**

The District elected not to report on the GAAP basis of accounting as required under the Ohio Administrative Code Section 117-2-3(B).

*Status:* Uncorrected – See current audit finding 2014-001





At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.

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# Dave Yost • Auditor of State

**MILTON UNION EXEMPTED VILLAGE SCHOOL DISTRICT**

**MIAMI 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  
APRIL 9, 2015**