



Dave Yost • Auditor of State

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2014, the School District adopted the provisions of the Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2015

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New Philadelphia City School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

The discussion and analysis of New Philadelphia City 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. 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 transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance. The financial statements of the component unit are issued as a separate report and are available by contacting the Quaker Digital Academy.

Financial Highlights

Key financial highlights for 2014 are as follows:

- ❑ In total, net position decreased \$1.7 million. This decrease was mainly in cash and cash equivalents which decreased \$2.4 million while taxes receivable increased by \$1.3 million and long term liabilities decreased by \$1.0 million from 2013.
- ❑ General revenues accounted for \$23.7 million or 82% of all revenues. Specific program revenues in the form of charges for services, sales, grants and contributions accounted for \$5.3 million or 18% of total revenues of \$29.0 million.
- ❑ The District had \$30.7 million in expenses related to governmental activities; only \$5.3 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenue (primarily taxes and foundation receipts) of \$23.7 million were not sufficient to provide for these programs which led to the decrease in net position.
- ❑ The General Fund had \$24.5 million in revenues and \$26.1 million in expenditures. The General Fund's balance decreased by \$1.9 million. The Debt Service Fund had \$0.6 million in revenues, \$2.8 million in other financing sources and \$3.7 million in expenditures. The Debt Service Fund's balance decreased by \$0.3 million.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities answer the question “How did we do financially during 2014?” These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s *net position* and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 activities are listed as Governmental:

- Governmental Activities – All of the District’s programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the District’s major funds begins on page 16. Fund financial reports provide detailed information about the District’s major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The District’s major governmental funds are the General Fund and Debt Service fund.

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

Proprietary Funds Proprietary funds use full accrual accounting.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

Table 1		
Net Position		
(In Millions)		
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$19.7	\$20.7
Capital Assets	<u>12.4</u>	<u>12.6</u>
Total Assets	<u>32.1</u>	<u>33.3</u>
Liabilities		
Long Term Liabilities	(4.8)	(5.8)
Other Liabilities	<u>(15.4)</u>	<u>(13.8)</u>
Total Liabilities	<u>(20.2)</u>	<u>(19.6)</u>
Net Position		
Net Investment in Capital Assets	9.4	8.7
Restricted	1.6	1.8
Unrestricted	<u>0.9</u>	<u>3.1</u>
Total Net Position	<u>\$11.9</u>	<u>\$13.6</u>

Total assets decreased by \$1.2 million. Cash and Cash Equivalents decreased by \$2.4 million while Capital Assets decreased by \$0.2 million. This was offset on the liability side where Long Term Liabilities decreased by \$1.0 million and Other Liabilities increased by \$1.6 million. The net position of the School District decreased by \$1.7 million which was due primarily to the decrease in Current Assets.

The decrease in current assets shows a decrease in the present financial stability of the School District. The decrease in unrestricted net position for the current year is due to an increase in Other Liabilities and the decrease in Current Assets of \$1.0 million.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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

Table 2
Changes in Net Position
(In Millions)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charges for Services	\$2.8	\$2.7
Operating Grants	2.5	2.7
General Revenue:		
Property Taxes	11.0	12.0
Grants and Entitlements	11.7	10.9
Other	1.0	0.6
Total Revenue	<u>29.0</u>	<u>28.9</u>
Program Expenses		
Instruction	19.3	18.6
Support Services		
Pupil and Instructional Staff	2.1	2.7
Board of Education, Fiscal and Administration	3.0	3.3
Operation and Maintenance	2.7	2.5
Pupil Transportation	0.8	0.8
Food Service	0.9	0.8
Non-Instructional Services	0.4	0.6
Extracurricular Activities	1.3	1.2
Interest and Fiscal Charges	0.2	0.1
Total Expenses	<u>30.7</u>	<u>30.6</u>
(Decrease) in Net Position	<u>(1.7)</u>	<u>(1.7)</u>
Net Position at Beginning of Year	<u>13.6</u>	<u>15.3</u>
Net Position at End of Year	<u>\$11.9</u>	<u>\$13.6</u>

Governmental Activities

Several revenue sources fund our governmental activities with property taxes being the largest contributor. The last increase in property tax levies by the citizens of the School District was in 2007. Property tax levies generated \$11.0 million in 2014. General revenues from grants and entitlements, such as the school foundation program, are also a large revenue generator. With the combination of taxes and intergovernmental funding approximately 74% of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations.

New Philadelphia City School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014*

Instruction comprises 63% of governmental program expenses. Interest expense was 0.7% and was attributable to outstanding bonds and capital leases on copier and heating and lighting equipment. The increase of \$0.1 million in total expenses is mainly due to increases in operational costs.

Table 3
Governmental Activities
(In Millions)

	<u>Total Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>
Program Expenses		
Instruction	\$19.3	\$18.6
Support Services		
Pupil and Instructional Staff	2.1	2.7
Board of Education, Fiscal and Administration	3.0	3.3
Operation and Maintenance	2.7	2.5
Pupil Transportation	0.8	0.8
Food Service	0.9	0.8
Non-Instructional Services	0.4	0.6
Extracurricular Activities	1.3	1.2
Interest and Fiscal Charges	0.2	0.1
Total Expenses	<u>\$30.7</u>	<u>\$30.6</u>

The School District's Funds

Information about the School District's major fund starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32.1 million and expenditures of \$34.3 million. The net change in fund balance for the year was a decrease of \$2.2 million. The general fund accounted for \$1.9 million of the decrease while the Debt Service Fund decreased \$0.3 and other governmental funds remained the same. This overall decrease indicates the School District's current revenue base is failing to meet the School District's obligations as a whole. The School District understands that it needs to continue to monitor expenditures to ensure it can meet future needs.

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.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

During the course of fiscal year 2014, the School District amended its general fund budget once at the end of the fiscal year. Requests for budget changes are made by the building administrators. Final approval is obtained from the Treasurer and Superintendent and is presented to the Board of Education for their adoption.

For the General Fund, budget basis revenue was slightly higher than the original budget estimates of \$23.7 million.

The original appropriations of \$26.5 million were only slightly increased to \$27.3 million. Expenditures, however, were only \$26.2 million or \$1.1 million less than anticipated due to surplus appropriations in regular instruction, instructional staff, pupil services, administrative, maintenance and extracurricular costs.

The School District's ending unobligated budgetary fund balance was \$2.8 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the School District had \$12.4 million invested in land, buildings, equipment, vehicles and construction in progress. Table 4 shows fiscal year 2014 balances compared to 2013:

Table 4
 Capital Assets at June 30
 (Net of Depreciation, in Millions)

	2014	2013
Land	\$0.9	\$0.9
Buildings and Improvements	8.8	9.3
Furniture and Equipment	1.6	1.6
Vehicles	0.9	0.8
Construction in progress	0.2	0.0
	_____	_____
Totals	\$12.4	\$12.6

Refer to Note # 7 for further information.

For fiscal year 2014, Ohio law required school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2014, this amounted to \$498,070 for the set aside and the School District had qualifying disbursements or offsets exceeding the requirements. Refer to Note 16 for the set aside calculations.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Debt

At June 30, 2014, the School District had \$2.9 million in bonds, \$.6 million due within one year. Table 5 summarizes bonds outstanding.

Table 5
 Outstanding Debt at Year End
 (In Millions)

	Governmental Activities 2014	Governmental Activities 2013
General Obligation Bonds:		
2013 School Improvement	\$2.2	\$0
2014 School Improvement	.7	0
2004 School Improvement	0	2.5
Total	\$2.9	\$2.5

Refer to Note # 12 for further information.

In 1992 the School District passed a 3.1 mill bond issue, providing \$8.8 million for facility improvements for the high school, including an addition of 24 classrooms. The School District refinanced that debt in June 2004 and again in September of 2013.

In May of 2014 the School District refinanced the HB 264 capital lease project and issued school improvement bonds.

At June 30, 2014, the School District's overall legal debt margin was \$35,677,674 with an unvoted debt margin of \$424,997. The School District maintains an A-1 bond rating.

For the Future

The School District is still strong financially even with the downturn in the economy. As the preceding information shows, the School District heavily depends on its property taxpayers. The taxpayers approved a 7.1 mill levy in May 2013.

State law fixes the amount of tax revenue, forcing it to remain constant except for new valuations in the School District. Management must plan expenses accordingly, staying within the School District's five-year plan.

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002 the Supreme Court issued its latest opinion regarding the school funding plan which upheld its earlier decisions.

The School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the court, the State may require redistribution of commercial and industrial property tax. This could have a significant impact on the School District's residential taxpayers.

New Philadelphia City School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014*

Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years, and to grow even more dependent on local tax revenue.

In conclusion, the School District's system of budgeting and internal controls are well regarded and it will take all of the School District's financial abilities to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Steven Sherer, Treasurer, at New Philadelphia City School District, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

New Philadelphia City School District

Statement of Net Position

June 30, 2014

	Primary Government	Component Unit
	Governmental Activities	Quaker Digital Academy
Assets		
Equity in Pooled Cash and Cash Equivalents	\$5,178,411	\$3,180,064
Receivables:		
Taxes	14,075,858	0
Accounts	27,360	0
Intergovernmental	313,097	13,224
Accrued Interest	0	0
Materials and Supplies		
Inventory	36,420	0
Capital Assets		
Land and Construction in Progress	1,140,427	0
Other Depreciable Capital Assets Net	<u>11,320,768</u>	<u>27,194</u>
<i>Total Assets</i>	<u>32,092,341</u>	<u>3,220,482</u>
Deferred Outflows of Resources		
Prepaid Property Insurance	<u>54,237</u>	<u>0</u>
<i>Total Deferred Outflows of Resources</i>	<u>54,237</u>	<u>0</u>
Liabilities		
Accounts Payable	189,254	55,172
Contracts Payable	122,236	0
Accrued Wages	2,487,651	79,342
Intergovernmental Payable	473,930	26,110
Accrued Interest Payable	5,392	0
Long-Term Liabilities:		
Due Within One Year	652,378	0
Due In More Than One Year	<u>4,150,225</u>	<u>0</u>
<i>Total Liabilities</i>	<u>8,081,066</u>	<u>160,624</u>
Deferred Inflows of Resources		
Property tax levied for the Next Fiscal Year	<u>12,116,854</u>	<u>0</u>
<i>Total Deferred Inflows of Resources</i>	<u>12,116,854</u>	<u>0</u>
Net Position		
Net Investment in Capital Assets	9,469,254	37,054
Restricted for:		
Capital Projects	409,999	0
Debt Service	468,092	0
Other Purposes	678,578	21,404
Unrestricted	<u>922,735</u>	<u>3,001,400</u>
<i>Total Net Position</i>	<u>\$11,948,658</u>	<u>\$3,059,858</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$12,271,845	\$53,855	\$969,282	\$12,600
Special	3,775,585	0	435,364	0
Vocational	164,103	0	0	0
Other	3,096,582	1,319,905	0	0
Support Services:				
Pupil	1,715,277	0	0	0
Instructional Staff	336,996	0	142,450	0
Board of Education	55,091	0	0	0
Administration	2,283,069	0	139,038	0
Fiscal	678,555	0	0	0
Operation and Maintenance of Plant	2,710,675	0	0	0
Pupil Transportation	830,948	0	0	0
Food Service	857,507	254,741	621,688	0
Operation of Non-Instructional Services				
	449,569	292,478	148,363	0
Extracurricular Activities	1,305,537	919,928	0	0
Interest and Fiscal Charges	168,729	0	0	0
<i>Total Governmental Activities</i>	<u>30,700,068</u>	<u>2,840,907</u>	<u>2,456,185</u>	<u>12,600</u>
Component Unit				
Quaker Digital Academy	<u>\$3,957,766</u>	<u>\$0</u>	<u>\$364,379</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Quaker Digital Academy
(\$11,236,108)	\$0
(3,340,221)	0
(164,103)	0
(1,776,677)	0
(1,715,277)	0
(194,546)	0
(55,091)	0
(2,144,031)	0
(678,555)	0
(2,710,675)	0
(830,948)	0
18,922	0
(8,728)	0
(385,609)	0
(168,729)	0
<u>(25,390,376)</u>	<u>0</u>
<u>0</u>	<u>(3,593,387)</u>
\$10,324,444	0
485,846	0
145,400	0
11,735,416	4,042,526
9,611	3,410
985,899	143,721
<u>23,686,616</u>	<u>4,189,657</u>
(1,703,760)	596,270
<u>13,652,418</u>	<u>2,463,588</u>
<u>\$11,948,658</u>	<u>\$3,059,858</u>

New Philadelphia City School District

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,301,216	\$382,960	\$1,345,650	\$5,029,826
Receivables:				
Taxes	13,345,384	562,350	168,124	14,075,858
Accounts	27,360	0	0	27,360
Intergovernmental	0	0	313,097	313,097
Due from Other Funds	2,100	0	0	2,100
Materials and Supplies Inventory	19,279	0	17,141	36,420
<i>Total Assets</i>	<u>\$16,695,339</u>	<u>945,310</u>	<u>1,844,012</u>	<u>19,484,661</u>
Deferred Outflows of Resources				
Prepaid Property Insurance	54,237	0	0	54,237
<i>Total Deferred Outflows of Resources</i>	<u>54,237</u>	<u>0</u>	<u>0</u>	<u>54,237</u>
Total Assets and Deferred Outflows	<u>16,749,576</u>	<u>945,310</u>	<u>1,844,012</u>	<u>19,538,898</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	100,418	0	88,836	189,254
Contracts Payable	0	0	122,236	122,236
Accrued Wages	2,068,902	0	224,891	2,293,793
Intergovernmental Payable	398,340	0	75,590	473,930
Due to Other Funds	0	0	2,100	2,100
<i>Total Liabilities</i>	<u>2,567,660</u>	<u>0</u>	<u>513,653</u>	<u>3,081,313</u>
Deferred Inflows of Resources				
Property tax levied for the Next Fiscal Year	12,259,071	508,768	170,368	12,938,207
<i>Total Deferred Inflows of Resources</i>	<u>12,259,071</u>	<u>508,768</u>	<u>170,368</u>	<u>12,938,207</u>
Fund Balances				
Nonspendable:				
Prepaid Insurance	54,237	0	0	54,237
Materials and Supplies Inventory	19,279	0	0	19,279
Restricted:				
Other Purposes	0	0	741,675	741,675
Debt Service	0	382,960	0	382,960
Capital Projects	0	0	296,799	296,799
Assigned:				
Subsequent Year's Appropriations	1,087,624	53,582	121,517	1,262,723
Unassigned	761,705	0	0	761,705
<i>Total Fund Balances</i>	<u>1,922,845</u>	<u>436,542</u>	<u>1,159,991</u>	<u>3,519,378</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$16,749,576</u>	<u>\$945,310</u>	<u>\$1,844,012</u>	<u>\$19,538,898</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances	\$3,519,378
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,461,195
Delinquent property taxes are not available to pay for current period expenditures and are therefore deferred in the funds.	821,353
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	148,585
Accrued interest on bonds payable	(5,392)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,996,461)
	<u>(4,996,461)</u>
<i>Net Position of Governmental Activities</i>	<u>\$11,948,658</u>

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$10,419,702	\$489,450	\$146,836	\$11,055,988
Intergovernmental	11,623,623	75,408	2,505,170	14,204,201
Interest	9,610	0	1	9,611
Tuition and Fees	1,319,905	0	346,333	1,666,238
Extracurricular Activities	270,352	0	649,576	919,928
Charges for Services	0	0	254,741	254,741
Contributions and Donations	0	0	38,697	38,697
Miscellaneous	819,851	39,860	87,491	947,202
<i>Total Revenues</i>	<u>24,463,043</u>	<u>604,718</u>	<u>4,028,845</u>	<u>29,096,606</u>
Expenditures				
Current:				
Instruction:				
Regular	11,035,831	0	1,004,664	12,040,495
Special	3,166,585	0	538,515	3,705,100
Vocational	146,784	0	0	146,784
Other	3,096,582	0	0	3,096,582
Support Services:				
Pupil	1,579,385	0	58,902	1,638,287
Instructional Staff	260,111	0	158,105	418,216
Board of Education	55,091	0	0	55,091
Administration	2,121,785	0	132,484	2,254,269
Fiscal	671,717	0	0	671,717
Operation and Maintenance of Plant	2,162,686	0	0	2,162,686
Pupil Transportation	929,298	0	0	929,298
Operation of Non-Instructional Services	3,319	0	465,311	468,630
Food Service	0	0	863,818	863,818
Extracurricular Activities	691,726	0	628,736	1,320,462
Capital Outlay	0	0	698,877	698,877
Debt Service:				
Principal Retirement	100,315	3,250,932	0	3,351,247
Cost of Bond Issuance	0	60,360	0	60,360
Interest and Fiscal Charges	38,868	377,467	0	416,335
<i>Total Expenditures</i>	<u>26,060,083</u>	<u>3,688,759</u>	<u>4,549,412</u>	<u>34,298,254</u>
<i>Excess of Revenue (Under) Expenditures</i>	<u>(1,597,040)</u>	<u>(3,084,041)</u>	<u>(520,567)</u>	<u>(5,201,648)</u>
Other Financing Sources (Uses)				
Proceeds of Bonds	0	2,990,000	0	2,990,000
Transfer In	0	0	506,387	506,387
Transfer Out	(306,387)	(200,000)	0	(506,387)
<i>Total Other Financing Sources (Uses)</i>	<u>(306,387)</u>	<u>2,790,000</u>	<u>506,387</u>	<u>2,990,000</u>
<i>Net Change in Fund Balance</i>	<u>(1,903,427)</u>	<u>(294,041)</u>	<u>(14,180)</u>	<u>(2,211,648)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,826,272</u>	<u>730,583</u>	<u>1,174,171</u>	<u>5,731,026</u>
<i>Fund Balances End of Year</i>	<u>\$1,922,845</u>	<u>\$436,542</u>	<u>\$1,159,991</u>	<u>\$3,519,378</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$2,211,648)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which depreciation
exceeded capital outlay in the current period. (89,901)

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the statement
of activities, a gain or loss is reported for each disposal. This
is the amount of the loss on the disposal of fixed assets. There
were no proceeds. (24,798)

Revenues in the Statement of Activities
that do not provide current financial resources
are not reported as revenues in the funds. (97,196)

Repayment of bond and capital lease principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 3,351,247

In the statement of activities, interest is accrued on
outstanding bonds, whereas in governmental funds, an
interest expenditure is reported when due. 5,392

In the statement of activities, interest on
Capital Appreciation bonds is recorded as an expense,
but do not require the use of current financial resources 283,583

Bond proceeds are reported as a revenue in the
governmental funds, but the financing activity
increases long term liabilities in the statement of financial position. (2,990,000)

Some expenses reported in the statement of activities,
such as compensated absences
do not require the use of current financial
resources and therefore are not reported as expenditures
in governmental funds. 330,040

The internal service fund used by management to charge
the cost of insurance to individual funds is not reported in
expenditures and the related internal service fund revenues
are eliminated. The net revenue (expense) of the internal
service fund is allocated among the governmental activities. (260,479)

Change in Net Assets of Governmental Activities (\$1,703,760)

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues				
Taxes	\$11,000,000	\$11,000,000	\$10,638,543	(\$361,457)
Intergovernmental	10,822,179	9,637,800	11,623,623	1,985,823
Interest	15,000	15,000	9,816	(5,184)
Tuition and Fees	1,383,062	1,383,062	1,370,415	(12,647)
Rentals	19,000	19,000	4,361	(14,639)
Miscellaneous	521,600	521,600	819,726	298,126
<i>Total Revenues</i>	<u>23,760,841</u>	<u>22,576,462</u>	<u>24,466,484</u>	<u>1,890,022</u>
Expenditures				
Current:				
Instruction:				
Regular	11,360,332	11,632,332	11,237,605	394,727
Special	3,310,316	3,320,316	3,152,804	167,512
Vocational	159,387	159,387	149,227	10,160
Other	3,049,441	3,149,441	3,148,894	547
Support Services:				
Pupil	1,526,091	1,668,091	1,608,363	59,728
Instructional Staff	296,879	304,879	289,485	15,394
Board of Education	44,560	49,560	38,022	11,538
Administration	2,206,752	2,213,752	2,154,811	58,941
Fiscal	666,269	702,269	680,108	22,161
Operation and Maintenance of Plant	2,385,746	2,498,746	2,343,146	155,600
Pupil Transportation	1,008,775	1,060,775	938,198	122,577
Central	4,000	4,000	3,319	681
Extracurricular Activities	509,750	534,750	461,251	73,499
<i>Total Expenditures</i>	<u>26,528,298</u>	<u>27,298,298</u>	<u>26,205,233</u>	<u>1,093,065</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,767,457)</u>	<u>(4,721,836)</u>	<u>(1,738,749)</u>	<u>2,983,087</u>
Other Financing Sources (Uses)				
Advances In	0	0	50,600	50,600
Advances Out	0	0	(2,100)	(2,100)
Transfers Out	(90,000)	(90,000)	(306,387)	(216,387)
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(257,887)</u>	<u>(167,887)</u>
<i>Net Change in Fund Balance</i>	(2,857,457)	(4,811,836)	(1,996,636)	2,815,200
<i>Fund Balance Beginning of Year</i>	5,144,269	5,144,269	5,144,269	0
Prior Year Encumbrances Appropriated	125,484	125,484	125,484	0
<i>Fund Balance End of Year</i>	<u>\$2,412,296</u>	<u>\$457,917</u>	<u>\$3,273,117</u>	<u>\$2,815,200</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Net Position
Proprietary Fund
June 30, 2014

	<u>Governmental Activities - Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$148,585</u>
<i>Total Assets</i>	<u>148,585</u>
Liabilities	
<i>Total Liabilities</i>	<u>0</u>
Net Position	
Unrestricted	<u>148,585</u>
<i>Total Net position</i>	<u><u>\$148,585</u></u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2014*

	Governmental Activities - Internal Service
Operating Revenues	
Charges for Services	\$3,818,630
<i>Total Operating Revenues</i>	<i>3,818,630</i>
Operating Expenses	
Claims	4,079,109
<i>Total Operating Expenses</i>	<i>4,079,109</i>
<i>Operating (Loss)</i>	<i>(260,479)</i>
<i>Net Position Beginning of Year</i>	<i>409,064</i>
<i>Net Position End of Year</i>	<i>\$148,585</i>

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Transactions With Other Funds	\$3,818,630
Cash Payments for Premiums	(4,079,109)
<i>Net Cash Used For Operating Activities</i>	(260,479)
<i>Cash and Cash Equivalents Beginning of Year</i>	409,064
<i>Cash and Cash Equivalents End of Year</i>	\$148,585
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	(\$260,479)
Adjustments:	
Increase (Decrease) in Liabilities:	0
<i>Net Cash Used for Operating Activities</i>	(260,479)
See accompanying notes to the basic financial statements	

New Philadelphia City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,036,668	\$55,589
<i>Total Assets</i>	1,036,668	55,589
Liabilities		
Accounts payable	0	261
Due to Students	0	53,116
<i>Total Liabilities</i>	0	\$53,377
Net Position		
Held in Trust for Scholarships	1,036,668	
<i>Total Net Position</i>	\$1,036,668	

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$1,231
Deductions	
Other operating expense	25,567
<i>Changes in Net Position</i>	(24,336)
<i>Net Position at Beginning of Year</i>	1,061,004
<i>Net Position at End of Year</i>	\$1,036,668

See accompanying notes to the basic financial statements

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New Philadelphia City School District

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

Note 1 - Description of the School District and Reporting Entity

New Philadelphia City School District (the “School District”) operates under a locally-elected Board form of government and provides educational services as authorized by State statute and/or federal guidelines. This Board controls the District’s eight instructional/support facilities staffed by 147 non-certificated employees, 214 certificated full time teaching personnel and 16 administrative employees who provide services to 3,083 students and other community members.

The School District was established in 1808, the first in the State of Ohio, and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a School District to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 78 square miles. It is located in Tuscarawas County, and includes all of the City of New Philadelphia, Ohio, the Village of Stone Creek and portions of 9 townships. The School District is the 147th largest in the State of Ohio (among 609 school districts) in terms of enrollment. The School District currently operates seven instructional buildings, one warehouse building, a sports complex and one garage.

Reporting Entity

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

Nonpublic Schools Within the School District boundaries, Tuscarawas Central Catholic Junior and Senior High School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has one component unit, The Quaker Digital Academy (“the Academy”) (See Note 18). The School District appoints a voting majority of the Academy’s governing board.

The School District is associated with three jointly governed organizations and one public entity risk pool. These organizations are presented in Note 15 to the financial statements. These organizations are:

Jointly Governed Organizations:

Ohio Mid-Eastern Regional Education Service Association
Buckeye Joint Vocational School
Tuscarawas County Tax Incentive Review Council

New Philadelphia City School District

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

Public Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

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

A. 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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. 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. There are three categories of funds: governmental, proprietary and fiduciary.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

Debt Service Fund - The debt service funds accounts for the financial resources associated with the issuance and payment of debt by the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose and also accounts for the School District's capital projects and debt service.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as internal service.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund that the School District accounts for is a health insurance program, which provides medical benefits to employees.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 which accounts for a scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations and are used to account for student managed activities.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on The Statement of Net Position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on The Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Private purpose trust funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

Deferred outflows of resources consist of prepaid insurance costs reported on the statement of net position.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

E. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended 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 issued during fiscal year 2014.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Cash Equivalents

Cash received by the School District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2014, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. 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. Repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$9,610 which includes \$3,352 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

On fund financial statements, inventories of governmental funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption, donated food, purchased food, and school supplies held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

I. Capital Assets

Capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	40 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of The Statement of Net Position.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the financial statements when due.

M. 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 classification includes amounts that cannot be spent because they are not in a spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Committed - The committed fund balance classification includes amounts that can only be used for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specific 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 policies of the District Board of Education, which includes giving the treasurer authority to constrain monies for intended uses.

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

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

N. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During fiscal year 2014, the District had no capital contributions.

Q. Interfund Activity

Transfers between governmental activities on the government-wide statements are eliminated.

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

R. Extraordinary and Special Items

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

S. Estimates

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

T. Change in Accounting Principles

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. These changes were incorporated in the District's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

Note 3 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP)
5. Some funds are included in General Fund (GAAP but have separate legally adoptive budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major General fund.

Net Change in Fund Balance Major General Fund	
GAAP Basis	(\$1,903,427)
Net Adjustment For Revenue Accruals	3,441
Net Adjustment for Expenditure Accruals	(145,150)
Advances (Net)	<u>48,500</u>
Budget Basis	<u><u>(\$1,996,636)</u></u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 4 - Deposits and Investments

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

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

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

Interim monies are to be deposited or invested in the following securities:

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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7. The State Treasurer's investment pool (STAR Ohio);
 8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; provided training requirements under the Ohio Revised Code have been met.

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

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,782,703 of the School District's bank balance of \$4,436,329 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the School District's name. The carrying amount of the School District's deposits at year end were \$4,206,957

At year end, \$0 of the Quaker Digital Academy's bank balance of \$17,580 was exposed to custodial risk.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires the deposits be either insured or be protected by eligible securities pledged to and deposited with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

Investments: As of June 30, 2014, the School District had the following Investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$619,631	Daily
Repurchase Agreement	<u>1,439,485</u>	Daily
Total Portfolio	<u><u>\$2,059,116</u></u>	

Quaker Digital Academy had \$3,186,586 investment in repurchase agreements as of June 30, 2014. It had a daily maturity.

New Philadelphia City School District

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

Interest rates risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy addresses interest risk by requiring the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The School District has no investment policy dealing with investment credit risk beyond the requirement of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counter party. The School District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, “Payment for investments shall be made upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>% Total</u>
Star Ohio	\$ 619,631	30.00
Repurchase Agreement	1,439,485	70.00

Note 5- Property Taxes

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

Property taxes include amounts levied against all real and public utility personal property located in the School District. Property tax revenue received during calendar year 2014 for real and public utility property taxes represents collections of calendar year 2013 taxes. Property tax payments received during calendar 2014 for tangible personal property (other than public utility property) are for prior year delinquent taxes.

2014 real property taxes are levied after April 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

	2013 Second-Half Collections		2014 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$400,117,690	95.92%	\$406,881,730	95.74%
Public Utility Personal	17,040,290	4.08	18,115,100	4.26
Total	\$417,157,980	100.00%	\$424,996,830	100.00%
Tax rate per \$1,000 of assessed valuation	\$49.00		\$49.50	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the

School District as an advance at June 30, 2014, was \$1,086,313 in the general fund, \$53,582 in the debt service fund and \$14,959 in the permanent improvement capital projects fund. By comparison, the amount available to the School District as an advance at June 30, 2013, was \$1,305,154 in the general fund, \$64,160 in the debt service fund and \$17,621 in the permanent improvement capital projects.

Note 6 - Receivables

Receivables at June 30, 2014, consisted of taxes, accounts (rent and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

New Philadelphia City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Public Preschool	\$13,634
Juvenile Attention Center	140,483
Title I	102,923
Title IV-B	17,257
Title IV-B Rural	<u>38,800</u>
<i>Total Governmental Activities</i>	<u><u>\$313,097</u></u>

Note 7 - Capital Assets

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

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Governmental Activities				
Land	\$929,677	\$0	\$0	\$929,677
Buildings and Improvements	20,059,715	0	0	20,059,715
Furniture and Equipment	4,519,369	283,698	(115,579)	4,687,488
Vehicles	1,432,795	173,283	(54,345)	1,551,733
Construction In Progress	0	210,750	0	210,750
	<u>\$26,941,556</u>	<u>\$667,731</u>	<u>(\$169,924)</u>	<u>\$27,439,363</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(\$10,806,580)	(\$423,705)	\$0	(\$11,230,285)
Furniture and Equipment	(2,947,968)	(265,065)	90,781	(3,122,252)
Vehicles	(611,214)	(68,762)	54,345	(625,631)
Total Accumulated Depreciation	<u>(14,365,762)</u>	<u>(757,532) *</u>	<u>145,126</u>	<u>(14,978,168)</u>
Governmental Activities Capital				
Assets, Net	<u>\$12,575,794</u>	<u>(\$89,801)</u>	<u>(\$24,798)</u>	<u>\$12,461,195</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$421,709
Special	36,395
Vocational	3,625
Support Services:	
Pupil	192
Instructional Staff	16,632
Administration	17,457
Fiscal	3,127
Operation and Maintenance of Plant	78,953
Pupil Transportation	68,762
Food Service	25,947
Extracurricular Activities	84,733
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Total Depreciation Expense	\$757,532
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Note 8 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2014, the School District contracted with Ohio Casualty Insurance for property and inland marine, liability insurance, and fleet coverage.

Building and Contents -	
replacement cost (\$5,000 deductible)	\$74,922,361
Inland Marine Coverage (\$250-\$500 deductible)	1,425,716
Boiler and Machinery (\$1,000 deductible)	No limit
Crime Insurance	25,000-100,000
Electronic data Processing (\$100 deductible)	1,893,702
Automobile Liability (\$1000 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

B. Workers' Compensation

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

C. Employee Medical Benefits

The School District is a member of the Portage Area School Consortium (the Consortium). The Consortium is a regional council of governments established pursuant to Chapter 167 of the Ohio revised code, consisting of various school districts in the Portage County Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone pools: the Portage Area School Consortium Property and Casualty Pool and the Portage Area consortium Health and Welfare Insurance pool. These pools were established by the consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Beginning July 1, 2009, the School District is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 19), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

Note 9 - Defined Benefit Pension Plans

A. School Employee 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.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 on the SERS website at 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 employees are established and may be amended, up to statutory maximum amounts, by 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%, the remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions for the pension obligation to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$647,280, \$628,560 and \$601,872 respectively; the amount required to be contributed.

B. 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.

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.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. 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 \$ 2,029,272, \$1,823,448 and \$1,803,384 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$2,029,272 made by the School District and \$1,594,428 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, four members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 10 - Postemployment Benefits

A. 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.

Medicare Part B Plan

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$35,138, \$33,224 and \$32,243 respectively; the amount required to be contributed.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Health Care Plan

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

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

The Health Care Fund was established under, and is administrated in accordance with Internal Revenue Code §105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of 14% employer contribution rate is the total assigned to the Health Care Fund.

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,286, \$7,183 and \$23,645 respectively; the amount required to be contributed.

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

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

B. 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 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 \$144,948, \$130,246 and \$128,813 respectively; 83.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 11 - Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified staff and 260 days for classified staff. Upon retirement, payment is made for one fourth of the accrued, but unused sick leave credit, up to a maximum of 65 days for certified employees and 65 days for classified employees.

Note 12 - Long - Term Liabilities

The changes in the School District's long-term liabilities during the year consist of the following:

	Principal Outstanding 6/30/13	Additions	Reductions	Principal Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
2013 Current Interest Bonds	\$0	\$2,245,000	(\$35,000)	\$2,210,000	\$540,000
2014 Current Interest Bonds	\$0	745,000	0	745,000	100,000
2004 Current Interest Bonds	2,245,000	0	(2,245,000)	0	0
2004 Capital Appreciation Bonds	256,414	0	(256,414)	0	0
Accreted Interest	283,586	0	(283,586)	0	0
Capital Leases payable	873,569	0	(836,628)	36,941	12,378
Compensated Absences	<u>2,140,755</u>	<u>0</u>	<u>(330,092)</u>	<u>1,810,663</u>	<u>0</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$5,799,324</u>	<u>\$2,990,000</u>	<u>(\$3,986,720)</u>	<u>\$4,802,604</u>	<u>\$652,378</u>

On March 21, 2014 the School District issued \$745,000 in general obligation refunding bonds. The bonds bear an interest rate of 2.07 percent per annum and mature in various installments through December 1, 2020. The proceeds were used to refund the HB 264 capital Lease for building improvements.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The School District refunded the capital lease to reduce its total debt service over the next 7 years by \$53,475 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$45,983.

The School District entered into a lease agreement in compliance with HB 264 which allowed the School District to lease certain building improvements to the heating and lighting systems in each of its building. Under the terms of the lease the School District was able to upgrade heating and lighting systems in all of its elementaries, high school, and middle school complex. The savings generated by the upgrades will be used to make the lease payments each year.

Under the terms of the agreement, if the School District fails to have savings greater than the cost of the lease, the difference will be made up by the contractor.

On September 12, 2013 the School District issued \$2,245,000 in general obligation refunding bonds. The bonds bear an interest rate of 2.23 percent per annum and mature in various installments through December 1, 2017. The proceeds were used to refund the 2004 general obligation bonds.

The School District refunded the 2004 general obligation bonds to reduce its total debt service over the next 5 years by \$158,799 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$102,426.

On September 1, 1992, the School District issued \$8,785,000 in voted general obligation bonds for the purpose of constructing a new high school and middle school additions under the authority of Ohio Revised Code Chapter 133. The bonds were issued for a twenty-five year period with a final maturity during fiscal year 2017. The debt will be retired from the revenue generated by a 3.1 mill bond levy approved by the School District voters in 1992, and will be paid from the Debt Service Fund.

On June 3, 2004 the School District issued \$6,543,888 in general obligation refunding bonds. The bonds bear interest rates ranging from 2.00 to 4.375 percent per annum and mature in various installments through December 1, 2017. The proceeds were used to refund the 1992 general obligation bonds.

The School District refunded the 1992 general obligation bonds to reduce its total debt service over the next 13 years by \$981,276 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$746,400.

Compensated Absences will be paid from the fund where the employee's salary is paid. Capital Leases will be paid from the General Fund.

At June 30, 2014, the School District's overall legal debt margin was \$35,677,674 with an unvoted debt margin of \$424,997. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2014 are as follows:

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	2013 Current Interest Bonds			2014 Current Interest Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$540,000	\$43,262	\$583,262	\$100,000	\$14,386	\$114,386
2016	550,000	31,108	581,108	100,000	12,317	112,317
2017	550,000	18,844	568,844	105,000	10,195	115,195
2018	570,000	6,355	576,355	105,000	8,021	113,021
2019	0	0	0	110,000	5,796	115,796
2020	0	0	0	110,000	3,519	113,519
2021	0	0	0	115,000	1,190	116,190
Total	<u>\$2,210,000</u>	<u>\$99,569</u>	<u>\$2,309,569</u>	<u>\$745,000</u>	<u>\$55,424</u>	<u>\$800,242</u>

Note 13 - Capitalized Leases - Lessee Disclosure

The School District entered into a capitalized lease for copiers. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

Fiscal Year Ending June 30,	Lease Payments
2015	\$16,769
2016	16,769
2017	8,384
Total minimum lease payments	41,922
Less: amount representing interest	(4,981)
Present value of minimum lease payments	<u>\$36,941</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 14 - Contingencies

A. Grants

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

B. Litigation

The School District is not party to any material legal proceedings.

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 the 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.

Note 15

A. Jointly Governed Organizations and Public Entity Risk Pool

Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, 2023 Sunset Boulevard, Steubenville, Ohio 43952. During fiscal year 2013 the school paid \$134,613 to OME-RESA for various services

The Buckeye Joint Vocational School, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the 11 participating school districts' elected boards, which possessed its own budgeting and taxing authority. To obtain financial information, write to Buckeye Joint Vocational School, Carla Cooper, who serves as treasurer, 545 University Drive NE, New Philadelphia, Ohio, 44663.

New Philadelphia City School District

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

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by boards of education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2014 no monies were paid to TCTIRC from the School District.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

B. Public Entity Risk Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 16 - Set-Aside Calculations

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

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Year Set Aside Requirement	498,070
Contributions in Excess of the Current Fiscal Year Set Aside	0
Current Year Qualifying Disbursements	(375,744)
Current Year Offsets	(517,628)
Waiver granted by the Department of Education	
Prior Year Offset from Bond Proceeds	0
Totals	<u>(395,302)</u>
Balance Carried Forward to Fiscal Year 2014	<u>0</u>
Set Aside Reserve Balance as of June 30, 2014	<u>\$0</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

Note 17 – Legal Compliance

A. Deficit Fund Balances

The Title IV-B, Title IV-B ECSE and Title II-A had deficit balances as of June 30, 2014 of \$23,123, \$4,217 and \$19,021. These deficits arose due to the recognition of accrued liabilities and will be made up in the next fiscal year once state and federal grants are allocated.

Note 18 – Quaker Digital Academy

The Academy has been determined to be a discrete component unit. The School District Management has determined it is significant; therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Digital Academy, 248 Front Avenue S.W., New Philadelphia, Ohio 44663.

Note 19 - Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5th, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements. The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 20 – Other Commitments

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Fund Type	Year -End Encumbrances
General Fund	\$1,311
Nonmajor governmental funds	<u>106,558</u>
Total	<u><u>\$107,869</u></u>

Note 21 - Operating Leases - Lessee Disclosure

The District entered into an operating lease agreement for a postage meter which expires during 2016.

Equipment operating lease expense totaled \$3,444 in 2014. The agreement is non-cancelable and provides for minimum annual leases as follows:

Fiscal Year Ending June 30	Lease Payments
2014	\$3,444
2016	<u>2,583</u>
Total	<u><u>\$6,027</u></u>

Note 22 – Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer to	Transfers From		
	General Fund	Bond Fund	Total
Other Governmental	<u>\$306,387</u>	<u>\$200,000</u>	<u><u>\$506,387</u></u>

The General Fund transferred \$150,000 to the Permanent Improvement Fund for capital purchases including technology, \$60,000 to the Permanent Improvement Stadium fund for future expenses for the replacement of the artificial turf, \$50,000 to the Summer School Fund to offset program costs and \$46,387 to Title I Fund to cover program expenses for the current year. The Bond Retirement Fund transferred \$200,000 to the Permanent Improvement Fund to help with costs associated with improvements to the high school building.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013 / 2014	10.555	\$69,537	\$69,537
Cash Assistance:				
School Breakfast Program	2013 / 2014	10.553	128,299	128,299
National School Lunch Program	2013 / 2014	10.555	443,851	443,851
Cash Assistance Subtotal			<u>572,150</u>	<u>572,150</u>
Total Child Nutrition Cluster			<u>641,687</u>	<u>641,687</u>
Total U.S. Department of Agriculture			641,687	641,687
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2013 2014 2014	84.010	114,854 521,969 24,902	112,092 564,408 24,175
Total Title I Grants to Local Educational Agencies			<u>661,725</u>	<u>700,675</u>
Special Education Cluster:				
Special Education Grants to States	2013 2014	84.027	630,595	16,311 627,184
Total Special Education Grants to States			<u>630,595</u>	<u>643,495</u>
Special Education Preschool Grants	2013 2014	84.173	29,969	1,055 29,969
Total Special Education Preschool Grants			<u>29,969</u>	<u>31,024</u>
Total Special Education Cluster			660,564	674,519
Rural Education	2013 2014	84.358	49,164 5,000	46,506
Total Rural Education			<u>54,164</u>	<u>46,506</u>
Improving Teacher Quality State Grants	2013 2014	84.367	133,921	1,621 133,921
Total Improving Teacher Quality State Grants			<u>133,921</u>	<u>135,542</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	2014	84.395	12,279	9,129
Total U.S. Department of Education			<u>1,522,653</u>	<u>1,566,371</u>
Total Federal Awards Receipts and Expenditures			<u>\$2,164,340</u>	<u>\$2,208,058</u>

The accompanying notes are an integral part of this Schedule.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 13, 2015, wherein we noted the School District adopted the provision of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2015



Dave Yost • Auditor of State

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster

As described in Findings 2014-001 through 2014-003 in the accompanying Schedule of Findings and Questioned Costs, the School District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-001	84.027 / 84.173	Special Education Cluster	Period of Availability
2014-002	84.010 84.027 / 84.173	Title I Grants to Local Educational Agencies Special Education Cluster	Cash Management
2014-003	84.027 / 84.173	Special Education Cluster	Reporting

Compliance with these requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to these programs.

Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster* paragraph, the New Philadelphia City School District, Tuscarawas County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I Grants to Local Educational Agencies and Special Education Cluster for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 through 2014-003 to be material weaknesses.

The School District's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2015

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**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion <ul style="list-style-type: none"> • Title I CFDA #84.010 Unmodified except for Section C – Cash Management • Special Education Cluster CFDA #'s 84.027 and 84.173 Unmodified except for Section C – Cash Management, Section H – Period of Availability and Section L - Reporting 	
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Title I Grants to Local Educational Agencies - CFDA #84.010 • Special Education Cluster - CFDA #'s 84.027 and 84.173 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2014-001
CFDA Title and Number	Special Education – Grants to States / Special Education – Preschool Grants, CFDA #84.027/#84.173
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Questioned Costs, Noncompliance and Material Weakness – Period of Availability

2 CFR Section 215.28 provides that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period.

The period of availability for the fiscal year 2014 IDEA-B grant began July 1, 2013 and extended through September 30, 2014. The School District charged a contract for aide services in the amount of \$23,116 and rehabilitation services in the amount of \$3,772 that were incurred prior to July 1, 2013 and prior to the period of availability to the fiscal year 2014 IDEA-B grant. Failure to charge within the funding period resulted in projected questioned costs totaling \$38,584.

The School District should review grant documents and guidance which stipulate the period of availability for federal funding. The School District should take necessary measures to help ensure only allowable expenditures incurred within the period of availability are charged to the grant. To help ensure the period of availability compliance requirements are met, the School District should implement additional internal controls.

Official's Response: Refer to Corrective Action Plan for Official's Response.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2014-002
CFDA Title and Number	Title I Grants to Local Education Agencies, CFDA #84.010 Special Education – Grants to States / Special Education – Preschool Grants, CFDA #84.027/#84.173
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness – Cash Management

34 CFR 80.21(c) states that when grants are awarded on advance basis that grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee. *Ohio Department of Education CCIP Note #284* states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 CFR 80.21). To receive approval consideration, cash requests must be made for immediate needs for the month requested. *Ohio Department of Education Project Cash Request Instructions* state payments must be requested as needed and for immediate cash needs. Funds may be requested for a maximum of one (1) month plus any negative cash balance. To comply with the *Cash Management Act* 31 CFR part 205, the time elapsed between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds must be expended within the period of time for which cash is requested.

Two instances were noted in which Title I revenue received was not timely expended within 30 days and two instances in which Delinquent Title I advances were not timely expended within 30 days. These four instances accounted for 33% of the project cash requests tested from the Title I major federal program.

In addition, three instances were noted with IDEA-B funding was not timely expended within 30 days. These instances accounted for 20% of the project cash requests tested from the Special Education major federal program.

The School District should review grant documents and guidance which stipulate cash management requirements. The School District should only advance revenue to cover expenditures for a 30 day period. To help ensure compliance with cash management requirements, the School District should implement additional internal controls.

Official's Response: Refer to Corrective Action Plan for Official's Response.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2014-003
CFDA Title and Number	Special Education – Grants to States / Special Education – Preschool Grants, CFDA #84.027/#84.173
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness – Reporting

34 CFR Subtitle A Part 80, Subpart C, Section 80.20(b)(1) provides, in part, accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant.

During fiscal year 2014, cash expenditures reported on 7% Special Education Program project cash requests did not agree to the School District's accounting system, resulting in a variance of \$28,218.

While the error noted was immaterial to the grant as a whole, the Treasurer should review the Project Cash Requests prior to submission to certify the information reported is accurate. This will help ensure the School District complies with federal regulations and the Project Cash Requests are complete and accurate. Implementing strong internal controls over the report process will decrease the risk of misstated reports that could result in a negative financial impact for the School District.

Official's Response: Refer to Corrective Action Plan for Official's Response.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Misposting of receipts, expenditures, liabilities, and fund balance.	Yes	Corrected.
2013-002	Ohio Rev. Code § 5705.41(D), failure to properly certify expenditures prior to obligation.	No	Partially corrected.
2013-003	2 C.F.R. Part 225, Appendix B, Section (8)(h)(4), failure to maintain time and effort logs for individuals compensated from federal programs.	Yes	Corrected.
2013-004	2 C.F.R. Part 215.28, expenditures made outside the period of availability were charged to the Title I grant.	No	Repeated as Finding 2014-001.
2013-005	34 C.F.R. Subtitle A Part 80, Subpart C, Section 80.20(b)(1), amounts reported on the project cash requests did not agree with the District's accounting system.	No	Repeated as Finding 2014-003.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	<p>A discussion has been held with staff members responsible for the payment of bills to make sure they understand the availability period of the grant. They understood that the grant funds needed to be expended during the grant period, but did not check those invoices paid to make sure they were incurred during the availability period. They have been informed that they also must look at the invoice to insure that the related expense also occurred during the grant period.</p> <p>It should be noted that during the 2013-14 school year, an additional \$205,077 in qualifying special educational costs were incurred and paid during the grants availability period out of the School District's general fund due to the lack of available funds in the grant.</p> <p>We have scanned all expenses for the current year to determine that this error does not occur again.</p>	March 3, 2015	Treasurer and accounts payable department
2014-002	<p>This error was due to a misinterpretation by the treasurer's office in the timing in which federal program funds needed to be expended. It was thought that we had a 30 day period from the times the funds were received. However we now understand that the funds must be expended during the month in which they are requested.</p> <p>Even with that being said, our cash requests were based on what the anticipated expenditures would be during the month. It should be noted that in our two major federal programs, Title I and Title IV-B, the average month end balance during the 2014 fiscal year was (\$1,709) and (\$12,405), respectively.</p> <p>We will continue to monitor are cash requests to be as accurate as we can be on the anticipated monthly expenditures.</p>	March 3, 2015	Treasurer
2014-003	<p>All project cash requests show detailed explanations when the month end expenditures are reduced on the request. This is done when program expenses at the end of the month exceed budgetary restrictions. Those expenditures are then reduced on the monthly project cash request and adjusted on the districts records during the next month. Expenditures on the project cash request are always equal to or less that the actual expenses on the month end report.</p>	Corrected during the last fiscal year.	Treasurer



Dave Yost • Auditor of State

NEW PHILADELPHIA CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2015**