



Dave Yost • Auditor of State

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pike-Delta-York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 43515-1262

To the Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 28, 2015

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Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of Pike-Delta-York Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2014 are as follows:

In total, net position increased \$47,827, or 1 percent.

The School District's general receipts, those being primarily property taxes and unrestricted state entitlements, were 81 percent of the total cash received by the School District during the fiscal year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

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

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

The statement of net position and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Pike-Delta-York Local School District, the General Fund, the Bond Retirement debt service fund, and the Building capital projects fund are the most significant funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

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

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building capital projects fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis accounting. The governmental fund financial 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 and fiscal year 2013:

Table 1
Net Position

	Governmental Activities		
	2014	2013	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$4,276,174	\$4,228,347	\$47,827
<u>Net Position:</u>			
Restricted	2,785,062	3,199,620	(414,558)
Unrestricted	1,491,112	1,028,727	462,385
Total Net Position	\$4,276,174	\$4,228,347	\$47,827

As mentioned previously, total net position increased 1 percent from the prior fiscal year, not a significant change. The decrease in restricted net position was generally routine spending related to restricted grant funds and for building maintenance. The increase in unrestricted net position was due, in large part, to the increase in State foundation funding resulting from a change in the funding formula.

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

Table 2
Changes in Net Position

	Governmental Activities		
	2014	2013	Change
<u>Receipts:</u>			
Program Receipts			
Charges for Services	\$973,033	\$958,952	\$14,081
Operating Grants, Contributions, and Interest	1,993,315	1,488,883	504,432
Total Program Receipts	2,966,348	2,447,835	518,513
General Receipts			
Property Taxes Levied for General Purposes	4,176,945	4,045,199	131,746
Property Taxes Levied for Debt Service	1,349,878	1,298,606	51,272
Property Taxes Levied for Maintenance	69,388	67,208	2,180
Payment in Lieu of Taxes	57,732	41,388	16,344
Grants and Entitlements	7,242,354	7,064,398	177,956
Interest	2,842	17,246	(14,404)
Miscellaneous	127,188	62,689	64,499
Total General Receipts	13,026,327	12,596,734	429,593
Total Receipts	15,992,675	15,044,569	948,106

(continued)

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		
	2014	2013	Change
<u>Disbursements:</u>			
Instruction:			
Regular	\$6,029,952	\$6,098,531	\$68,579
Special	2,177,926	1,935,684	(242,242)
Vocational	142,688	136,267	(6,421)
Support Services:			
Pupils	605,810	580,598	(25,212)
Instructional Staff	331,247	388,251	57,004
Board of Education	22,587	21,758	(829)
Administration	1,000,288	1,003,919	3,631
Fiscal	361,352	355,274	(6,078)
Business	40,916	50,347	9,431
Operation and Maintenance of Plant	1,420,944	1,205,307	(215,637)
Pupil Transportation	770,768	699,075	(71,693)
Central	203,261	138,963	(64,298)
Non-Instructional Activities	464,049	468,814	4,765
Extracurricular Activities	609,142	556,844	(52,298)
Capital Outlay	228,464	649,068	420,604
Debt Service:			
Principal Retirement	602,938	294,778	(308,160)
Interest and Fiscal Charges	585,454	592,477	7,023
Interest on Capital Appreciation Bonds	347,062	600,222	253,160
Total Disbursements	<u>15,944,848</u>	<u>15,776,177</u>	<u>(168,671)</u>
Increase (Decrease) in Net Position	47,827	(731,608)	779,435
Net Position at Beginning of Year	<u>4,228,347</u>	<u>4,959,955</u>	<u>(731,608)</u>
Net Position at End of Year	<u>\$4,276,174</u>	<u>\$4,228,347</u>	<u>\$47,827</u>

Overall there was a 6 percent increase in receipts from the prior fiscal year. The most significant factor contributing to this increase was an increase in State foundation funding due to a change in the funding formula. This increase is reflected in both program revenues (operating grants and contributions) and general revenues (grants and entitlements) as this funding has both restricted and unrestricted components. In addition, there was an increase in property tax revenue due to modest increases in the tax rate and in the assessed valuation of property.

Disbursements increased 1 percent from the prior fiscal year, not a significant change. Salary increases, completion of construction, and equipment purchases (such as the chiller unit) were the primary reasons for the increases.

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction:				
Regular	\$6,029,952	\$6,098,531	\$5,234,227	\$5,499,858
Special	2,177,926	1,935,684	773,231	881,670
Vocational	142,688	136,267	106,881	111,561
Support Services:				
Pupils	605,810	580,598	605,810	580,598
Instructional Staff	331,247	388,251	331,247	388,251
Board of Education	22,587	21,758	22,587	21,758
Administration	1,000,288	1,003,919	1,000,288	1,003,919
Fiscal	361,352	355,274	361,352	355,274
Business	40,916	50,347	40,916	50,347
Operation and Maintenance of Plant	1,420,944	1,205,307	1,420,121	1,205,307
Pupil Transportation	770,768	699,075	742,814	659,951
Central	203,261	138,963	197,861	133,563
Non-Instructional Services	464,049	468,814	16,158	(12,760)
Extracurricular Activities	609,142	556,844	361,089	312,500
Capital Outlay	228,464	649,068	228,464	649,068
Debt Service:				
Principal Retirement	602,938	294,778	602,938	294,778
Interest and Fiscal Charges	585,454	592,477	585,454	592,477
Interest on Capital Appreciation Bonds	347,062	600,222	347,062	600,222
Total Disbursements	<u>\$15,944,848</u>	<u>\$15,776,177</u>	<u>\$12,978,500</u>	<u>\$13,328,342</u>

As demonstrated by the above table, 81 percent of program costs were paid for by general revenues for fiscal year 2014 (84 percent for fiscal year 2013). Note that only several of the School District's programs receive substantial support from program revenues. For instance, the special instruction program provided for 64 percent of its costs through program receipts from operating grants restricted for special instruction purposes. Almost 97 percent of the non-instruction services costs were provided for through program revenues (primarily cafeteria operations). Program receipts include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program receipts in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Fund balance increased 47 percent in the General Fund. There was a 6 percent increase in receipts, primarily due to an increase in State foundation funding, and a modest 2 percent increase in disbursements.

Fund balance increased in the Bond Retirement debt service fund as property tax and related receipts currently exceed amounts needed for debt principal and interest payments.

Fund balance decreased in the Building capital projects fund due to spending resources for the facilities construction project.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During fiscal year 2014, the School District amended its General Fund budget as needed. For receipts, changes from the original budget to the final budget were not significant. There was a 6 percent increase in actual receipts over the final budget due to the modest increase in property taxes referred to previously as well as the increase in State foundation resources. For disbursements, changes from the original budget to the final budget as well as from the final budget to actual disbursements were not significant in total. However, there were significant changes from the final budget to actual disbursements within the various programs. This is due to the School District budgeting to the object level rather than by program and, in general, salaries were budgeted within the regular instruction program and benefits were budgeted within the administration program. Actual disbursements were recorded within the program from which the employee was actually paid.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the School District had \$43,228,235 in capital assets for governmental activities. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. Significant additions for the fiscal year included completing building construction and a new chiller system. Disposals included two buildings and a rooftop heating/cooling unit. For further information regarding the School District's capital assets, refer to Note 8 to the basic financial statements.

Debt - At June 30, 2014, the School District's outstanding debt consisted of general obligation bonds, in the amount of \$14,246,352, issued for building construction and improvement. For further information regarding the School District's debt, refer to Note 14 to the basic financial statements.

Current Issues

State funding for schools is based on several factors, all of which are subject to deliberations and approval of the General Assembly. School funding for fiscal years 2012 and 2013 was distributed based on how much the School District received in fiscal year 2011, the number of enrolled students, and the assessed value of the School District's real estate. Every two years, a new biennium budget is established by the Governor and the formula that determines the School District's state funding is subject to change. For fiscal years 2014 and 2015, more changes have been outlined with the passage of House Bill 59. Most notably for the School District is a projection of approximately \$880,000 over fiscal years 2014 and 2015.

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

After fiscal year 2013 concluded, the School District had spent more than it had received for the fifth year in a row. The deficit spending situation has been supported by the cash balance that had been on hand. With the passage of a 5.99 mill (\$909,937) three-year emergency levy on November 8, 2011, the deficit spending scenario was partially relieved. Prior to the passage of the emergency levy, the Board of Education had cut expenses by \$1.8 million over the prior four years. Had the emergency levy failed, the Board of Education approved operational plan would have been implemented in order to reduce expenditures by another \$1.5 million for the 2012-2013 school year.

As a result of the deficit spending trend, the School District made a decision in April 2012 to implement a reduction-in-force that included two certified employees and four classified employees. In addition, two positions were reduced through attrition from employees who retired. The School District also reduced the amount of services obtained from the Northwest Ohio Educational Service Center. All of these cuts were made in a direct effort toward alleviating the deficit spending.

Furthermore, in fiscal year 2013, the School District implemented a retire/rehire option for staff in order to help save costs. This option led to savings of over \$150,000 for fiscal year 2014 (and potentially beyond) as five teachers and one administrator participated in the option. One additional employee has taken advantage of this option since the original offering. These savings provide a significantly positive impact to the School District. In addition, the School District established three special education units, one at each building. As a result, the corresponding services from the Northwest Ohio Educational Service Center were reduced.

In May 2014, two major milestones were accomplished - (1) a levy was successfully passed by the voters; and (2) the Ohio Schools Facilities Commission (OSFC) project was completed. The School District went to the ballot and asked voters to approve a renewal of the emergency levy, along with new money (in the amount of \$320,000) and extending the levy from three years to five years. This renewal attempt was successful on the first try, providing greater financial stability. The OSFC project helped free up project dollars to be utilized in other important areas, such as repayment of debt and for permanent improvements.

Since then, the School District has entered into new agreements with both the certified and classified staff providing raises to the base salaries over the course of the next three school years. In attempt to help offset some of these expenses, the contribution percentage for health insurance premiums will be increasing. In addition, the School District is offering a high-deductible health plan and has incentivized employees to consider this option.

The School District continues to look for areas of opportunity with regards to finances and realizes that maintaining a high level of efficient operations is crucial for success. By emphasizing a continuous improvement mentality, the School District is focused on proper fiscal management of taxpayer dollars.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Eric Soltis, CFO/Treasurer, Pike-Delta-York Local School District, 504 Fernwood Street, Delta, Ohio 43515-1204.

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Pike-Delta-York Local School District
Statement of Net Position - Cash Basis
June 30, 2014

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,276,174</u>
<u>Net Position:</u>	
Restricted for:	
Capital Projects	485,741
Debt Service	1,946,891
Other Purposes	352,430
Unrestricted	<u>1,491,112</u>
Total Net Position	<u>\$4,276,174</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014

	<u>Program Cash Receipts</u>			Net (Disbursement) Receipt and Change in Net Position
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Governmental Activities</u>
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$6,029,952	\$505,300	\$290,425	(\$5,234,227)
Special	2,177,926	78,101	1,326,594	(773,231)
Vocational	142,688	0	35,807	(106,881)
Support Services:				
Pupils	605,810	0	0	(605,810)
Instructional Staff	331,247	0	0	(331,247)
Board of Education	22,587	0	0	(22,587)
Administration	1,000,288	0	0	(1,000,288)
Fiscal	361,352	0	0	(361,352)
Business	40,916	0	0	(40,916)
Operation and Maintenance of Plant	1,420,944	823	0	(1,420,121)
Pupil Transportation	770,768	15,255	12,699	(742,814)
Central	203,261	0	5,400	(197,861)
Non-Instructional Services	464,049	163,142	284,749	(16,158)
Extracurricular Activities	609,142	210,412	37,641	(361,089)
Capital Outlay	228,464	0	0	(228,464)
Debt Service:				
Principal Retirement	602,938	0	0	(602,938)
Interest and Fiscal Charges	585,454	0	0	(585,454)
Interest on Capital Appreciation Bonds	347,062	0	0	(347,062)
Total Governmental Activities	<u>\$15,944,848</u>	<u>\$973,033</u>	<u>\$1,993,315</u>	<u>(12,978,500)</u>
<u>General Receipts:</u>				
Property Taxes Levied for General Purposes				4,176,945
Property Taxes Levied for Debt Service				1,349,878
Property Taxes Levied for Maintenance				69,388
Payment in Lieu of Taxes				57,732
Grants and Entitlements not Restricted to Specific Programs				7,242,354
Interest				2,842
Miscellaneous				127,188
				<u>13,026,327</u>
				Change in Net Position 47,827
				Net Position at Beginning of Year <u>4,228,347</u>
				Net Position at End of Year <u><u>\$4,276,174</u></u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,391,516</u>	<u>\$1,946,891</u>	<u>\$485,741</u>	<u>\$452,026</u>	<u>\$4,276,174</u>
<u>Fund Balances:</u>					
Restricted	\$3,275	\$1,946,891	\$485,741	\$352,430	\$2,788,337
Assigned	42,236	0	0	111,621	153,857
Unassigned (Deficit)	<u>1,346,005</u>	<u>0</u>	<u>0</u>	<u>(12,025)</u>	<u>1,333,980</u>
Total Fund Balances	<u>\$1,391,516</u>	<u>\$1,946,891</u>	<u>\$485,741</u>	<u>\$452,026</u>	<u>\$4,276,174</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Building	Other Governmental	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$4,176,945	\$1,349,878	\$0	\$69,388	\$5,596,211
Payment in Lieu of Taxes	57,732	0	0	0	57,732
Intergovernmental	7,833,722	280,354	0	1,077,163	9,191,239
Interest	2,336	0	197	331	2,864
Tuition and Fees	589,680	0	0	0	589,680
Extracurricular Activities	0	0	0	210,412	210,412
Charges for Services	823	0	0	162,517	163,340
Gifts and Donations	5,502	0	0	38,906	44,408
Miscellaneous	134,499	0	0	2,290	136,789
Total Receipts	12,801,239	1,630,232	197	1,561,007	15,992,675
<u>Disbursements:</u>					
Current:					
Instruction:					
Regular	5,939,134	0	0	90,818	6,029,952
Special	1,686,237	0	0	491,689	2,177,926
Vocational	142,688	0	0	0	142,688
Support Services:					
Pupils	605,810	0	0	0	605,810
Instructional Staff	80,043	0	0	251,204	331,247
Board of Education	22,587	0	0	0	22,587
Administration	997,666	0	0	2,622	1,000,288
Fiscal	323,514	35,269	0	2,569	361,352
Business	40,916	0	0	0	40,916
Operation and Maintenance of Plant	1,215,680	0	0	205,264	1,420,944
Pupil Transportation	768,502	0	0	2,266	770,768
Central	188,007	0	0	15,254	203,261
Non-Instructional Services	2,696	0	0	461,353	464,049
Extracurricular Activities	343,649	0	0	265,493	609,142
Capital Outlay	0	0	17,944	210,520	228,464
Debt Service:					
Principal Retirement	0	602,938	0	0	602,938
Interest and Fiscal Charges	0	585,454	0	0	585,454
Interest on Capital Appreciation Bonds	0	347,062	0	0	347,062
Total Disbursements	12,357,129	1,570,723	17,944	1,999,052	15,944,848
Excess of Receipts Over (Under) Disbursements	444,110	59,509	(17,747)	(438,045)	47,827
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	390,910	0	85,402	476,312
Transfers Out	0	0	0	(476,312)	(476,312)
Total Other Financing Sources (Uses)	0	390,910	0	(390,910)	0
Changes in Fund Balances	444,110	450,419	(17,747)	(828,955)	47,827
Fund Balances at Beginning of Year	947,406	1,496,472	503,488	1,280,981	4,228,347
Fund Balances at End of Year	<u>\$1,391,516</u>	<u>\$1,946,891</u>	<u>\$485,741</u>	<u>\$452,026</u>	<u>\$4,276,174</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Receipts:</u>				
Property Taxes	\$3,960,630	\$3,960,630	4,176,945	\$216,315
Payment in Lieu of Taxes	41,388	41,388	57,732	16,344
Intergovernmental	7,310,445	7,310,445	7,833,722	523,277
Interest	21,335	21,335	2,336	(18,999)
Tuition and Fees	542,333	546,333	589,680	43,347
Charges for Services	0	1,875	823	(1,052)
Gifts and Donations	0	4,700	5,502	802
Miscellaneous	74,996	71,867	53,989	(17,878)
Total Receipts	11,951,127	11,958,573	12,720,729	762,156
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	7,700,333	7,776,027	5,940,152	1,835,875
Special	481,949	531,997	1,686,237	(1,154,240)
Vocational	6,813	6,813	142,688	(135,875)
Support Services:				
Pupils	134,191	139,141	605,990	(466,849)
Instructional Staff	10,517	10,517	80,128	(69,611)
Board of Education	2,503,947	2,644,788	22,587	2,622,201
Administration	82,762	240,763	999,578	(758,815)
Fiscal	156,250	156,250	324,773	(168,523)
Business	53,100	53,100	44,016	9,084
Operation and Maintenance of Plant	653,954	711,255	1,218,040	(506,785)
Pupil Transportation	184,086	252,368	769,452	(517,084)
Central	145,405	145,405	189,884	(44,479)
Non-Instructional Services	2,000	4,000	2,696	1,304
Extracurricular Activities	12,500	12,500	343,649	(331,149)
Total Disbursements	12,127,807	12,684,924	12,369,870	315,054
Excess of Receipts Over (Under) Disbursements	(176,680)	(726,351)	350,859	1,077,210
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	5,906	74,219	68,313
Other Financing Sources	543	543	6,291	5,748
Total Other Financing Sources	543	6,449	80,510	74,061
Changes in Fund Balance	(176,137)	(719,902)	431,369	1,151,271
Fund Balance at Beginning of Year	917,817	917,817	917,817	0
Prior Year Encumbrances Appropriated	29,589	29,589	29,589	0
Fund Balance at End of Year	\$771,269	\$227,504	\$1,378,775	\$1,151,271

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Cash Basis Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$546,572	\$62,557
<u>Liabilities:</u>		
Due to Students	0	\$62,557
<u>Net Position:</u>		
Held in Trust for Scholarships	57,397	
Endowment	489,175	
Total Net Position	\$546,572	

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Statement of Cash Basis Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

<u>Additions:</u>	
Interest	(\$1,352)
Donations	499,100
Total Additions	<u>497,748</u>
 <u>Deductions:</u>	
Non-Instructional Services	<u>4,067</u>
Change in Net Position	493,681
Net Position at Beginning of Year	<u>52,891</u>
Net Position at End of Year	<u><u>\$546,572</u></u>

See Accompanying Notes to Basic Financial Statements

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Note 1 - Description of the School District and Reporting Entity

Pike-Delta-York Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1966. The School District serves an area of approximately seventy-three square miles. It is located in Fulton County, and includes all of the Village of Delta and portions of Fulton, Pike, Swancreek, and York Townships. The School District is the 382nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by fifty-two classified employees, eighty-four certified teaching personnel, and seven administrative employees who provide services to 1,334 students and other community members. The School District currently operates three instructional buildings, an administration building, and a bus garage.

Reporting Entity

A reporting entity is composed 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 Pike-Delta-York Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. There are no component units of the Pike-Delta-York Local School District.

The School District participates in four jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Ohio School Plan, the Northern Buckeye Health Plan, the Northern Buckeye Education Council Workers’ Compensation Group Rating Plan, and the Delta Public Library. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Fund Financial Statements

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building capital projects fund.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation bonds.

Building Fund - The Building capital projects fund accounts for local resources restricted for the construction of a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school.

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

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 not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are an alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level in all other funds. Budgetary allocations at the function level in the General Fund and at the function and object level within all other funds are made by the School District CFO/Treasurer.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2014, investments included negotiable and nonnegotiable certificates of deposit, mutual funds, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair value, which is based on quoted market price or current share price. 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 net asset value per share, which is the price the investment could be sold for on June 30, 2014.

The Board of Education allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2014 was \$2,336, which includes \$1,382 assigned from other School District funds. Due to a decrease in the fair market value of the School District's investments, the private purpose trust fund reported negative interest revenue for fiscal year 2014.

Investments of the School District's 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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Capital Assets

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

Note 2 - Summary of Significant Accounting Policies (continued)

G. Compensated Absences

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

H. Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. 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 governmental funds. The classifications are as follows:

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the 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. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Note 2 - Summary of Significant Accounting Policies (continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

K. Interfund Activity

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

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

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

Note 3 - Accountability

At June 30, 2014, the Title I and Title VI special revenue funds had deficit fund balances, in the amount of \$8,136 and \$3,889, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The General Fund encumbrances outstanding at fiscal year end (budgetary basis) were \$12,741.

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of 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);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

Note 5 - Deposits and Investments (continued)

Investments

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

	Fair Value	Maturity
Negotiable Certificates of Deposit	\$85,000	6/12/15
Negotiable Certificates of Deposit	100,000	6/13/16
Negotiable Certificates of Deposit	100,000	5/30/17
Negotiable Certificates of Deposit	100,000	5/30/18
Negotiable Certificates of Deposit	100,000	6/4/19
Mutual Fund	2,686	23 Days
STAR Ohio	250,926	51.4 Days
	\$738,612	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The negotiable certificates of deposit are covered by FDIC insurance. The mutual fund carries a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Negotiable certificates of deposit make up 66 percent of the School District's total portfolio.

Note 6 - Property Taxes

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

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

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

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 6 - Property Taxes (continued)

The School District receives property taxes from Fulton 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.

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$124,900,390	77.95%	\$125,012,440	77.49%
Industrial/Commercial	27,231,980	17.00	27,483,760	17.04
Public Utility	8,096,310	5.05	8,829,940	5.47
Total Assessed Value	<u>\$160,228,680</u>	<u>100.00%</u>	<u>\$161,326,140</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$62.08		\$63.05	

Note 7 - Payment in Lieu of Taxes

According to State law, Fulton County has entered into agreements with a number of property owners under which Fulton County has granted property tax exemptions to those property owners. The property owners have agreed to make payments which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owner's contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 8 - Capital Assets

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

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$970,367	\$0	\$0	\$970,367
Construction in Progress	22,355,163	214,035	(22,569,198)	0
Total Nondepreciable Capital Assets	<u>23,325,530</u>	<u>214,035</u>	<u>(22,569,198)</u>	<u>970,367</u>
Depreciable Capital Assets				
Land Improvements	1,160,093	0	(30,340)	1,129,753
Buildings and Building Improvements	16,208,796	22,569,198	(200,138)	38,577,856
Furniture, Fixtures, and Equipment	1,167,539	124,000	0	1,291,539
Vehicles	1,258,720	0	0	1,258,720
Total Depreciable Capital Assets	<u>19,795,148</u>	<u>22,693,198</u>	<u>(230,478)</u>	<u>42,257,868</u>
Governmental Activities Capital Assets	<u>\$43,120,678</u>	<u>\$22,907,233</u>	<u>(\$22,799,676)</u>	<u>\$43,228,235</u>

Note 9 - Risk Management

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 for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	\$57,955,998
Automobile Liability	3,000,000
General School District Liability	
Per Occurrence	3,000,000
Total per Year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There was a significant decrease in the liability insurance coverage from the prior fiscal year due to the change in the School District's capital asset inventory (disposal of old buildings) and per recommendation of the Ohio School Plan. There was also recommendation to lower the automobile liability coverage.

For fiscal year 2014, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Northern Buckeye Health Plan (Plan), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, vision, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Plan. The agreement for the Plan provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Plan, a participant is responsible for any claims not processed and paid and any related administrative costs.

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

Note 10 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2015 are as follows:

General Fund	\$12,741
Other Governmental Funds	15,786
Total	<u>\$28,527</u>

Note 11 - Defined Benefit Pension Plans

A. 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 system. 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 can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 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 Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Note 11 - Defined Benefit Pension Plans (continued)

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$636,711 and \$22,959 for the fiscal year ended June 30, 2014, \$634,417 and \$22,957 for the fiscal year ended June 30, 2013, and \$657,358 and \$16,713 for the fiscal year ended June 30, 2012. For fiscal year 2014, 84 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$924 made by the School District and \$726 made by the plan members. In addition, member contributions of \$18,039 were made for fiscal year 2013 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting 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 requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$194,214, \$180,803, and \$186,177, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2014, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$50,815, \$50,674, and \$52,359, respectively. For fiscal year 2014, 84 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, .14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2014, this amount was \$20,250. For fiscal year 2014, the School District paid \$27,307 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$2,076, \$2,208, and \$8,063, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

Note 12 - Postemployment Benefits (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$11,267, \$10,213, and \$10,995, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

Note 13 - Other Employee Benefits

A. 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 fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year or the employee can take a lump sum payment at their regular daily rate. Unused vacation in excess of five days cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred to two hundred twenty days for classified employees and two hundred eleven days for certified employees. Upon retirement, payment is made for one-half of accrued but unused sick leave credit to a maximum of seventy-five days for classified employees. For certified employees, they are entitled to the amount of unused sick days multiplied by their daily rate then by .33, plus an additional payment of \$75 per day times forty-five days minus the number of sick days used during his/her last three years. An additional amount of \$750 will be paid to employees filing for retirement by February 1 of the year in which they plan to retire.

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to most employees through the Northern Buckeye Health Plan.

Note 14 - Long-Term Obligations

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

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14	Amounts Due Within One Year
General Obligation Debt					
FY06 School Improvement Refunding Bonds					
Serial Bonds 3.5-4%	\$3,945,007	\$0	\$0	\$3,945,007	0
Capital Appreciation Bonds 3.91-4.05%	654,993	0	337,938	317,055	317,055
Accretion on Capital Appreciation Bonds	623,774	83,782	347,062	360,494	0
Premium	316,095	0	23,222	292,873	0

(continued)

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 - Long-Term Obligations (continued)

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14	Amounts Due Within One Year
General Obligation Debt (continued)					
FY09 Classroom Facilities Improvement Bonds					
Serial Bonds 3-3.75%	\$650,000	\$0	\$155,000	\$495,000	\$160,000
Term Bonds 4.7-5.5%	4,875,000	0	0	4,875,000	0
Capital Appreciation Bonds					
4.75-5%	3,808	0	0	3,808	0
Accretion on Capital					
Appreciation Bonds	30,779	21,661	0	52,440	0
Premium	209,310	0	5,868	203,442	0
Discount	(113,025)	0	(3,169)	(109,856)	0
FY09 School Improvement Bonds					
Serial Bonds 3%	460,000	0	110,000	350,000	115,000
Term Bonds 4-5%	3,250,000	0	0	3,250,000	0
Capital Appreciation Bonds					
5.05-5.1%	76,189	0	0	76,189	0
Accretion on Capital					
Appreciation Bonds	58,598	18,458	0	77,056	0
Premium	106,130	0	3,083	103,047	0
Discount	(46,556)	0	(1,353)	(45,203)	0
Total General Obligation Debt	<u>\$15,100,102</u>	<u>\$123,901</u>	<u>\$977,651</u>	<u>\$14,246,352</u>	<u>\$592,055</u>

FY06 School Improvement Refunding Bonds - On January 24, 2006, the School District issued bonds, in the amount of \$6,775,000, to partially refund bonds previously issued in fiscal year 1998 for the construction of a middle school and improvements to other School District buildings. The refunding bond issue included serial and capital appreciation bonds, in the original amount of \$6,120,007 and \$654,993, respectively. The bonds were issued for a fourteen year period, with final maturity during fiscal year 2020.

The serial bonds are subject to prior redemption on or after December 1, 2016, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2014 through 2016. The maturity amount of the bonds is \$1,455,000. For fiscal year 2014, \$83,782 was accreted and \$685,000 was paid on the capital appreciation bonds for a total value of \$677,549 at fiscal year end.

At June 30, 2014, \$4,715,000 of the refunded bonds was still outstanding.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 - Long-Term Obligations (continued)

FY09 Classroom Facilities Improvement Bonds - On December 23, 2008, the School District issued voted general obligation bonds, in the amount of \$5,853,808, to pay the local share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$975,000, \$4,875,000 and \$3,808, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

The serial bonds are subject to prior redemption on or after November 1, 2019, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2023, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2019	\$175,000
2020	185,000
2021	195,000
2022	200,000

The remaining principal, in the amount of \$210,000, will be paid at stated maturity on November 1, 2023.

The term bonds maturing on November 1, 2025, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on November 1, 2024, in the amount of \$220,000 (with the balance of \$230,000 to be paid at stated maturity on November 1, 2025), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2026	\$245,000
2027	255,000

The remaining principal, in the amount of \$265,000, will be paid at stated maturity on November 1, 2028.

The term bonds maturing on November 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on November 1, 2029, in the amount of \$280,000 (with the balance of \$295,000 to be paid at stated maturity on November 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 - Long-Term Obligations (continued)

The term bonds maturing on November 1, 2033, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2031	\$310,000
2032	325,000

The remaining principal, in the amount of \$345,000, will be paid at stated maturity on November 1, 2033.

The term bonds maturing on November 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2034	\$360,000
2035	380,000

The remaining principal, in the amount of \$400,000, will be paid at stated maturity on November 1, 2036.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$350,000. For fiscal year 2014, \$21,661 was accreted on the capital appreciation bonds for a total value of \$56,248 at fiscal year end.

FY09 School Improvement Bonds - On January 22, 2009, the School District issued voted general obligation bonds, in the amount of \$4,146,189, to pay a share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$820,000, \$3,250,000 and \$76,189, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

The serial bonds are subject to prior redemption on or after November 1, 2019, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2023, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2019	\$125,000
2020	130,000
2021	135,000
2022	140,000

The remaining principal, in the amount of \$145,000, will be paid at stated maturity on November 1, 2023.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 - Long-Term Obligations (continued)

The term bonds maturing on November 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2024	\$150,000
2025	155,000

The remaining principal, in the amount of \$165,000, will be paid at stated maturity on November 1, 2026.

The term bonds maturing on November 1, 2029, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$170,000
2028	180,000

The remaining principal, in the amount of \$185,000, will be paid at stated maturity on November 1, 2029.

The term bonds maturing on November 1, 2032, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2030	\$195,000
2031	205,000

The remaining principal, in the amount of \$215,000, will be paid at stated maturity on November 1, 2032.

The term bonds maturing on November 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2033	\$220,000
2034	235,000
2035	245,000

The remaining principal, in the amount of \$255,000, will be paid at stated maturity on November 1, 2036.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$250,000. For fiscal year 2014, \$18,458 was accreted on the capital appreciation bonds for a total value of \$153,245 at fiscal year end.

The School District's overall debt margin was \$13,742,905 with an unvoted debt margin of \$152,699 at June 30, 2014.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 - Long-Term Obligations (continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2014, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds				
	Serial	Term	Capital Appreciation	Interest	Total
2015	\$275,000	\$0	\$317,055	\$562,258	\$1,154,313
2016	1,015,000	0	0	991,465	2,006,465
2017	1,065,000	0	0	513,420	1,578,420
2018	800,000	0	42,894	734,039	1,576,933
2019	830,000	0	37,103	707,229	1,574,332
2020-2024	805,007	1,640,000	0	1,818,871	4,263,878
2025-2029	0	2,035,000	0	1,388,898	3,423,898
2030-2034	0	2,575,000	0	834,618	3,409,618
2035-2037	0	1,875,000	0	152,375	2,027,375
Total	<u>\$4,790,007</u>	<u>\$8,125,000</u>	<u>\$397,052</u>	<u>\$7,703,173</u>	<u>\$21,015,232</u>

Note 15 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Bond Retirement	Building	Other Governmental	Total Governmental Funds
Restricted for:					
Athletics	\$0	\$0	\$0	\$61,730	\$61,730
Building Construction	0	0	485,741	0	485,741
Debt Retirement	0	1,946,891	0	0	1,946,891
Facilities Maintenance	0	0	0	173,896	173,896
Food Service Operations	0	0	0	112,799	112,799
Regular Instruction	0	0	0	4,005	4,005
Technology Improvement	3,275	0	0	0	3,275
Total Restricted	<u>3,275</u>	<u>1,946,891</u>	<u>485,741</u>	<u>352,430</u>	<u>2,788,337</u>
Assigned for:					
Educational Activities	28,382	0	0	0	28,382
Outreach Program	2,206	0	0	0	2,206
Permanent Improvements	0	0	0	111,621	111,621
Unpaid Obligations	11,648	0	0	0	11,648
Total Assigned	<u>42,236</u>	<u>0</u>	<u>0</u>	<u>111,621</u>	<u>153,857</u>
Unassigned (Deficit)	1,346,005	0	0	(12,025)	1,333,980
Total Fund Balance	<u>\$1,391,516</u>	<u>\$1,946,891</u>	<u>\$485,741</u>	<u>\$452,026</u>	<u>\$4,276,174</u>

Note 16 - Set Asides

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. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years. The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2014.

Balance June 30, 2013	\$0
Current Year Set Aside Requirement	218,264
Current Year Offsets	(105,515)
Qualifying Expenditures	(112,749)
Balance June 30, 2014	<u>\$0</u>

Note 17 - Interfund Transfers

During fiscal year 2014, other governmental funds made transfers to the Bond Retirement debt service fund and other governmental funds, in the amount of \$390,910 and \$85,402, respectively, as debt payments became due and to subsidize various programs in other funds.

Note 18 - Donor Restricted Endowments

The School District's private purpose trust fund includes donor restricted endowments. Endowment, in the amount of \$489,175, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$57,397 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

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

Note 19 - Jointly Governed Organizations (continued)

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2014, the School District paid \$60,656 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

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

C. Four County Career Center

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

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 East Market Street, Celina, Ohio, 45822.

Note 20 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from the Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

B. Northern Buckeye Health Plan

The Northern Buckeye Health Plan (Plan), is a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The Plan is governed by the Northern Buckeye Education Council (NBEC) and its participating members.

C. Northern Buckeye Education Council Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the NBEC and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 21 - Related Organization

The Delta Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Pike-Delta-York Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Delta Public Library, 402 Main Street, Delta, Ohio 43515.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, 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

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

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**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$43,708	\$43,708
Milk Reimbursement Program	10.556	633	633
National School Lunch Program			
Cash Assistance	10.555	218,541	218,541
Non- Cash Assistance (Food Distribution)		58,087	58,087
Total National School Lunch Program		<u>276,628</u>	<u>276,628</u>
Total Child Nutrition Cluster		320,969	320,969
State Administrative Expenses for Child Nutrition	10.560	2,565	2,565
Total U.S. Department of Agriculture		<u>323,534</u>	<u>323,534</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	273,253	273,253
Special Education Preschool Grants	84.173	13,188	13,188
Total Special Education Cluster		<u>286,441</u>	<u>286,441</u>
English Language Acquisition State Grants	84.365	2,921	2,921
Title I Grants to Local Educational Agencies	84.010	204,389	202,977
Improving Teacher Quality State Grants	84.367	41,936	47,451
ARRA - Race-to-the-Top Incentive Grants	84.395	14,550	30,047
Total U.S. Department of Education		<u>550,237</u>	<u>569,837</u>
Total Federal Awards Receipts and Expenditures		<u>\$873,771</u>	<u>\$893,371</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCH

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$289,362.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Pike-Delta-York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 43515-1262

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 28, 2015. wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

January 28, 2015



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

Pike-Delta-York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 43515-1262

To the Board of Education:

Report on Compliance for The Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Pike-Delta-York Local School District, Fulton County, Ohio (the District) complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

January 28, 2015

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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<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)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – School Breakfast Program - CFDA # 10.553, School Lunch Program - CFDA # 10.555 and Special Milk Program for Children - CFDA #10.556
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2014-001

Noncompliance Citation

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

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

For fiscal year 2014, the District prepared financial statements on a cash basis of accounting in a format similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). While presumably material, there would be variances on the financial statements between the District's accounting practice and GAAP which cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

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

Officials' Response:

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

3. FINDINGS FOR FEDERAL AWARDS

None

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not corrected. Reissued as finding 2014-001 in this report.

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PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT

FULTON 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
FEBRUARY 12, 2015**