



Dave Yost • Auditor of State



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of United Local School District, Columbiana 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

***Opinion***

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

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 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

March 13, 2015

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**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities decreased \$538,565 which represents a 5.08% decrease from 2013.
- General revenues accounted for \$10,511,293 in revenue or 79.04% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,787,677 or 20.96% of total revenues of \$13,298,970.
- The District had \$13,837,535 in expenses related to governmental activities; \$2,787,677 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,511,293 were not adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$12,067,293 in revenues and other financing sources and \$11,594,269 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$473,024 from a fund balance of \$3,652,142 to \$4,125,166.

**Using the Basic Financial Statements**

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

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

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows or resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounted for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 22-23 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-51 of this report.

**The District as a Whole**

The table below provides a summary of the District's net position for fiscal years 2014 and 2013.

	<b>Net Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<b><u>Assets</u></b>		
Current and other assets	\$ 9,500,679	\$ 10,100,332
Capital assets, net	<u>6,289,922</u>	<u>6,013,251</u>
Total assets	<u>15,790,601</u>	<u>16,113,583</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,532,089	1,646,591
Long-term liabilities	<u>1,309,460</u>	<u>1,329,159</u>
Total liabilities	<u>2,841,549</u>	<u>2,975,750</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	<u>2,878,265</u>	<u>2,528,481</u>
Total deferred inflows of resources	<u>2,878,265</u>	<u>2,528,481</u>
<b><u>Net position</u></b>		
Net investment in capital assets	6,227,891	5,933,063
Restricted	318,895	1,128,273
Unrestricted	<u>3,524,001</u>	<u>3,548,016</u>
Total net position	<u>\$ 10,070,787</u>	<u>\$ 10,609,352</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$10,070,787. Of this total, \$3,524,001 is unrestricted in use.

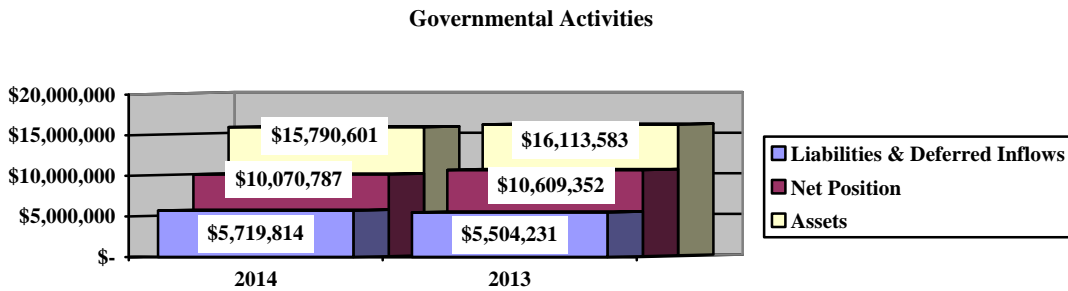
At year-end, capital assets represented 39.83% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and construction in progress. Net investment in capital assets at June 30, 2014, was \$6,227,891. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

A portion of the District's net position, \$318,895, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$3,524,001 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's assets, liabilities and deferred inflows, and net position at June 30, 2014 and 2013.



The table below shows the change in net position for fiscal years 2014 and 2013.

**Change in Net Position**

	Governmental Activities 2014	Governmental Activities 2013
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,268,751	\$ 1,400,874
Operating grants and contributions	1,518,926	1,726,828
General revenues:		
Property taxes	2,729,335	2,657,528
Income taxes	838,882	828,769
Grants and entitlements	6,824,706	6,471,772
Investment earnings	90,661	75,225
Other	27,709	34,759
<b>Total revenues</b>	<b><u>13,298,970</u></b>	<b><u>13,195,755</u></b>

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**Change in Net Position (Continued)**

	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2013</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,643,529	\$ 5,695,797
Special	1,899,438	1,729,097
Vocational	224,127	222,593
Adult/continuing	4,481	8,251
Other	9,173	5,611
Support services:		
Pupil	550,570	453,533
Instructional staff	462,738	511,378
Board of education	78,100	73,647
Administration	1,007,035	956,929
Fiscal	339,871	320,961
Business	159,731	239,886
Operations and maintenance	1,357,704	1,098,174
Pupil transportation	837,440	910,365
Central	57,769	49,448
Operation of non-instructional services:		
Food service operations	576,960	657,454
Other non-instructional services	981	10,604
Extracurricular activities	622,205	592,286
Interest and fiscal charges	<u>5,683</u>	<u>7,150</u>
Total expenses	<u>13,837,535</u>	<u>13,543,164</u>
Change in net position	(538,565)	(347,409)
Net position at beginning of year	<u>10,609,352</u>	<u>10,956,761</u>
Net position at end of year	<u>\$ 10,070,787</u>	<u>\$ 10,609,352</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$538,565. Total governmental expenses of \$13,837,535 were partially offset by program revenues of \$2,787,677 and general revenues of \$10,511,293. Program revenues supported 20.15% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 78.15% of total governmental revenue.

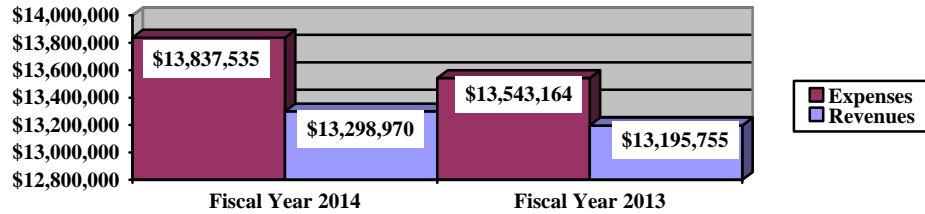
The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,780,748 or 56.23% of total governmental expenses for fiscal year 2014.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2014 and 2013.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,643,529	\$ 4,793,825	\$ 5,695,797	\$ 4,740,355
Special	1,899,438	892,517	1,729,097	618,206
Vocational	224,127	173,914	222,593	156,308
Adult/continuing	4,481	4,481	8,251	8,251
Other	9,173	9,173	5,611	5,611
Support services:				
Pupil	550,570	511,593	453,533	428,191
Instructional staff	462,738	462,738	511,378	508,928
Board of education	78,100	78,100	73,647	73,647
Administration	1,007,035	1,001,404	956,929	952,092
Fiscal	339,871	339,871	320,961	320,961
Business	159,731	159,731	239,886	239,886
Operations and maintenance	1,357,704	1,346,115	1,098,174	1,083,052
Pupil transportation	837,440	836,569	910,365	910,365
Central	57,769	48,331	49,448	45,748
Operation of non-instructional services:				
Food service operations	576,960	(15,169)	657,454	(11,902)
Other non-instructional services	981	981	10,604	(8,520)
Extracurricular activities	622,205	400,001	592,286	337,133
Interest and fiscal charges	5,683	5,683	7,150	7,150
<b>Total expenses</b>	<u>\$ 13,837,535</u>	<u>\$ 11,049,858</u>	<u>\$ 13,543,164</u>	<u>\$ 10,415,462</u>

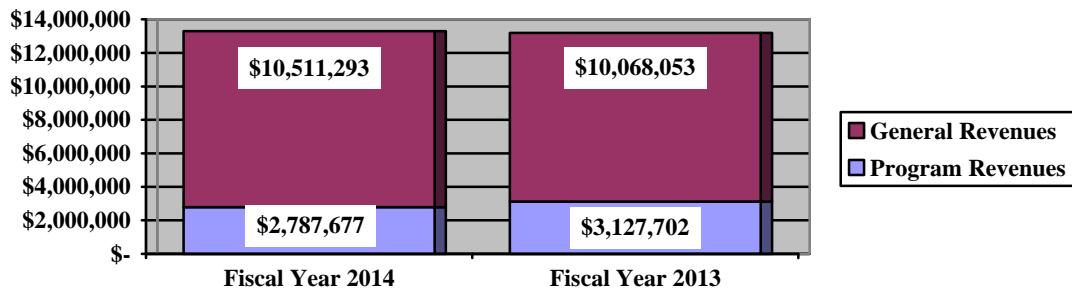
**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 75.49% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.85%. The District's taxpayers and unrestricted grants and entitlements received from the State are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$4,678,876, which is lower than last year's total of \$5,106,467. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance June 30, 2014</u>	<u>Fund Balance June 30, 2013</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ 4,125,166	\$ 3,652,142	\$ 473,024	12.95 %
Other governmental	<u>553,710</u>	<u>1,454,325</u>	<u>(900,615)</u>	(61.93) %
Total	<u>\$ 4,678,876</u>	<u>\$ 5,106,467</u>	<u>\$ (427,591)</u>	(8.37) %

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

***General Fund***

The District's general fund balance increased \$473,024. The table that follows assists in illustrating the revenues and expenditures of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 2,448,757	\$ 2,388,766	\$ 59,991	2.51 %
Income taxes	838,882	828,769	10,113	1.22 %
Tuition	755,275	795,870	(40,595)	(5.10) %
Earnings on investments	93,325	49,154	44,171	89.86 %
Intergovernmental	7,441,901	7,167,658	274,243	3.83 %
Other revenues	<u>143,406</u>	<u>117,882</u>	<u>25,524</u>	21.65 %
Total	<u>\$ 11,721,546</u>	<u>\$ 11,348,099</u>	<u>\$ 373,447</u>	3.29 %
<b><u>Expenditures</u></b>				
Instruction	\$ 7,065,949	\$ 6,843,749	\$ 222,200	3.25 %
Support services	4,117,114	4,015,011	102,103	2.54 %
Non-instructional services	981	884	97	10.97 %
Extracurricular activities	386,385	354,400	31,985	9.03 %
Debt service	<u>23,840</u>	<u>23,916</u>	<u>(76)</u>	0.03 %
Total	<u>\$ 11,594,269</u>	<u>\$ 11,237,960</u>	<u>\$ 356,309</u>	3.17 %

The District experienced a \$373,447 or 3.29% increase in general fund revenues and an increase of \$356,309 or 3.17% in general fund expenditures. Earnings on investment increased \$44,171 or 89.86% due to an increase in interest rates on the District's investments. Other revenues increased \$25,524 or 21.65% primarily due to an increase in extracurricular revenues and contributions and donations. Tuition decreased \$40,595 or 5.10% due to a decrease in open enrollment throughout the District. Intergovernmental revenue increased \$274,243 or 3.83% due to an increase in State foundation revenues recorded in the general fund. All other revenues and expenditures remained consistent with prior year.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$10,798,482 and final budgeted revenues and other financing sources were \$11,585,000. Actual revenues and other financing sources for fiscal year 2014 were \$11,926,167. This represents a \$341,167 increase from final budgeted revenues.

General fund original appropriations and other financing uses of \$11,575,900 were increased to \$11,722,261 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$11,681,949, which was \$40,312 less than the final budget appropriations.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2014, the District had \$6,289,922 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2014 balances compared to 2013:

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

	Governmental Activities	
	2014	2013
Land	\$ 57,872	\$ 57,872
Land improvements	702,049	604,864
Building and improvements	4,767,490	4,476,080
Furniture and equipment	415,272	502,760
Vehicles	347,239	365,609
Construction in progress	-	6,066
Total	\$ 6,289,922	\$ 6,013,251

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

*Debt Administration*

In prior years, the District entered into capital lease transactions. The total amount outstanding at June 30, 2014 was \$62,031; \$19,664 is due within one year and \$42,367 is due in more than one year.

At June 30, 2014, the District's overall legal debt margin was \$12,555,921, and an unvoted debt margin of \$138,557.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the need to go to the community's citizens for additional levy millage. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a positive cash balance without going to the voters for operating levies since 1991, while continuing a quality, comprehensive educational program.

The Board's five-year projections indicate that the District will require additional operating income beginning in fiscal year 2018. Many factors impact this projection:

- Declining enrollment
- Health insurance premium increases
- Natural gas price increases
- Special education and excess costs increases
- No increases in State aid
- Reduced Local Tax Receipts

Declining enrollment over the past ten years is a trend that has received, and will continue to receive, the attention of the Board and Administration. However, in 2013 the District did experience a slight increase in students and other community members. The Board of Education approved accepting open enrollment students in 2004. Currently the District is receiving more funds from students coming to the District as open enrollment students than it is losing due to students going open enrollment to other schools. Unfortunately continued reduced student counts will lead to staffing cuts in the future. This factor negatively impacts the operations of the District.

The District has committed itself to educational and financial excellence for many years. The budgeting and internal controls utilized by the District are well regarded by the Auditor of State, as exemplified by the unqualified audit opinions that have been received. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kathy Davies, Treasurer, United Local School District, 8143 State Route 9, Hanoverton, Ohio 44423.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 5,856,511
Cash with fiscal agent . . . . .	3,482
Receivables:	
Property taxes . . . . .	3,132,855
Income taxes. . . . .	331,050
Accounts. . . . .	1,512
Intergovernmental . . . . .	137,190
Accrued interest . . . . .	9,401
Prepayments . . . . .	12,470
Materials and supplies inventory. . . . .	16,208
Capital assets:	
Land. . . . .	57,872
Depreciable capital assets, net. . . . .	6,232,050
Capital assets, net . . . . .	6,289,922
 Total assets. . . . .	 15,790,601
 <b>Liabilities:</b>	
Accounts payable. . . . .	36,430
Accrued wages and benefits. . . . .	1,275,347
Pension obligation payable. . . . .	184,031
Intergovernmental payable . . . . .	36,281
Long-term liabilities:	
Due within one year. . . . .	157,803
Due in more than one year. . . . .	1,151,657
 Total liabilities . . . . .	 2,841,549
 <b>Deferred Inflows of Resources:</b>	
Property taxes levied for the next fiscal year. . . . .	2,878,265
 Total deferred inflows of resources . . . . .	 2,878,265
 <b>Net Position:</b>	
Net investment in capital assets . . . . .	6,227,891
Restricted for:	
Capital projects . . . . .	18,309
Debt service. . . . .	85,831
Locally funded programs . . . . .	403
Federally funded programs . . . . .	6,474
Student activities . . . . .	62,728
Other purposes . . . . .	145,150
Unrestricted. . . . .	3,524,001
 Total net position. . . . .	 \$ 10,070,787

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 5,643,529	\$ 783,730	\$ 65,974	\$ (4,793,825)
Special . . . . .	1,899,438	8,066	998,855	(892,517)
Vocational . . . . .	224,127	-	50,213	(173,914)
Adult/continuing. . . . .	4,481	-	-	(4,481)
Other . . . . .	9,173	-	-	(9,173)
Support services:				
Pupil. . . . .	550,570	-	38,977	(511,593)
Instructional staff . . . . .	462,738	-	-	(462,738)
Board of education . . . . .	78,100	-	-	(78,100)
Administration. . . . .	1,007,035	-	5,631	(1,001,404)
Fiscal. . . . .	339,871	-	-	(339,871)
Business. . . . .	159,731	-	-	(159,731)
Operations and maintenance . . . . .	1,357,704	11,589	-	(1,346,115)
Pupil transportation. . . . .	837,440	-	871	(836,569)
Central . . . . .	57,769	-	9,438	(48,331)
Operation of non-instructional services:				
Food service operations . . . . .	576,960	248,162	343,967	15,169
Other non-instructional services . . . . .	981	-	-	(981)
Extracurricular activities. . . . .	622,205	217,204	5,000	(400,001)
Interest and fiscal charges . . . . .	5,683	-	-	(5,683)
<b>Total governmental activities . . . . .</b>	<b>\$ 13,837,535</b>	<b>\$ 1,268,751</b>	<b>\$ 1,518,926</b>	<b>(11,049,858)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	2,444,789
Capital outlay. . . . .	284,546
School district income tax. . . . .	838,882
Grants and entitlements not restricted to specific programs . . . . .	6,824,706
Investment earnings . . . . .	90,661
Miscellaneous . . . . .	27,709
<b>Total general revenues . . . . .</b>	<b>10,511,293</b>
Change in net position . . . . .	(538,565)
<b>Net position at beginning of year . . . . .</b>	<b>10,609,352</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 10,070,787</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash			
and investments . . . . .	\$ 5,170,194	\$ 686,317	\$ 5,856,511
Cash with fiscal agent . . . . .	3,482	-	3,482
Receivables:			
Property taxes . . . . .	2,890,196	242,659	3,132,855
Income taxes . . . . .	331,050	-	331,050
Accounts . . . . .	1,491	21	1,512
Intergovernmental . . . . .	90,952	46,238	137,190
Accrued interest . . . . .	9,401	-	9,401
Interfund loans receivable . . . . .	31,000	-	31,000
Prepayments . . . . .	12,470	-	12,470
Materials and supplies inventory . . . . .	-	16,208	16,208
Total assets . . . . .	<u>\$ 8,540,236</u>	<u>\$ 991,443</u>	<u>\$ 9,531,679</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 32,111	\$ 4,319	\$ 36,430
Accrued wages and benefits . . . . .	1,171,831	103,516	1,275,347
Compensated absences payable . . . . .	47,766	-	47,766
Interfund loans payable . . . . .	-	31,000	31,000
Pension obligation payable . . . . .	169,084	14,947	184,031
Intergovernmental payable . . . . .	33,601	2,680	36,281
Total liabilities . . . . .	<u>1,454,393</u>	<u>156,462</u>	<u>1,610,855</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	2,661,541	216,724	2,878,265
Delinquent property tax revenue not available . . . . .	160,496	18,309	178,805
Accrued interest not available . . . . .	2,776	-	2,776
Income tax revenue not available . . . . .	45,762	-	45,762
Intergovernmental revenue not available . . . . .	90,102	46,238	136,340
Total deferred inflows of resources . . . . .	<u>2,960,677</u>	<u>281,271</u>	<u>3,241,948</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	-	16,208	16,208
Prepays . . . . .	12,470	-	12,470
Restricted:			
Debt service . . . . .	-	85,831	85,831
Capital improvements . . . . .	-	-	-
Food service operations . . . . .	-	128,942	128,942
Extracurricular . . . . .	-	62,728	62,728
Other purposes . . . . .	-	403	403
Committed:			
Capital improvements . . . . .	-	299,362	299,362
Underground storage tank . . . . .	11,000	-	11,000
Assigned:			
Student instruction . . . . .	39,364	-	39,364
Student and staff support . . . . .	29,783	-	29,783
Subsequent year appropriations . . . . .	668,275	-	668,275
School supplies . . . . .	320	-	320
Adult education . . . . .	2,421	-	2,421
Public school support . . . . .	23,713	-	23,713
Other purposes . . . . .	9,752	-	9,752
Unassigned (deficit) . . . . .	3,328,068	(39,764)	3,288,304
Total fund balances . . . . .	<u>4,125,166</u>	<u>553,710</u>	<u>4,678,876</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,540,236</u>	<u>\$ 991,443</u>	<u>\$ 9,531,679</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	4,678,876
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,289,922
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	224,567	
Intergovernmental receivable		136,340	
Accrued interest receivable		2,776	
		363,683	
Total			363,683
 Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,199,663)	
Capital lease payable		(62,031)	
		(1,261,694)	
Total			(1,261,694)
 <b>Net position of governmental activities</b>		 \$	 <u><u>10,070,787</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 2,448,757	\$ 284,707	\$ 2,733,464
Income taxes . . . . .	838,882	-	838,882
Tuition . . . . .	755,275	-	755,275
Transportation fees . . . . .	15,131	-	15,131
Earnings on investments . . . . .	93,325	180	93,505
Charges for services . . . . .	-	248,162	248,162
Extracurricular . . . . .	69,562	147,642	217,204
Classroom materials and fees . . . . .	20,315	-	20,315
Rental income . . . . .	9,614	1,975	11,589
Contributions and donations . . . . .	27,709	5,000	32,709
Contract services . . . . .	1,075	-	1,075
Intergovernmental - Intermediate . . . . .	-	6,500	6,500
Intergovernmental - State . . . . .	7,406,364	58,696	7,465,060
Intergovernmental - Federal . . . . .	35,537	856,628	892,165
<b>Total revenues . . . . .</b>	<b>11,721,546</b>	<b>1,609,490</b>	<b>13,331,036</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	5,374,768	134,939	5,509,707
Special . . . . .	1,469,946	374,169	1,844,115
Vocational . . . . .	207,581	-	207,581
Adult/continuing . . . . .	4,481	-	4,481
Other . . . . .	9,173	-	9,173
Support services:			
Pupil . . . . .	500,460	39,954	540,414
Instructional staff . . . . .	449,657	-	449,657
Board of education . . . . .	78,100	-	78,100
Administration . . . . .	978,087	5,772	983,859
Fiscal . . . . .	327,429	7,350	334,779
Business . . . . .	-	152,444	152,444
Operations and maintenance . . . . .	1,007,861	-	1,007,861
Pupil transportation . . . . .	725,407	93,181	818,588
Central . . . . .	50,113	9,087	59,200
Operation of non-instructional services:			
Food service operations . . . . .	-	567,157	567,157
Operation of non-instructional . . . . .	981	-	981
Extracurricular activities . . . . .	386,385	143,942	530,327
Facilities acquisition and construction . . . . .	-	982,110	982,110
Debt service:			
Principal retirement . . . . .	18,157	-	18,157
Interest and fiscal charges . . . . .	5,683	-	5,683
<b>Total expenditures . . . . .</b>	<b>11,594,269</b>	<b>2,510,105</b>	<b>14,104,374</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	127,277	(900,615)	(773,338)
<b>Other financing sources:</b>			
Transfers in . . . . .	345,747	-	345,747
<b>Total other financing sources . . . . .</b>	<b>345,747</b>	<b>-</b>	<b>345,747</b>
Net change in fund balances . . . . .	473,024	(900,615)	(427,591)
<b>Fund balances at beginning of year . . . . .</b>	<b>3,652,142</b>	<b>1,454,325</b>	<b>5,106,467</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,125,166</b>	<b>\$ 553,710</b>	<b>\$ 4,678,876</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Net change in fund balances - total governmental funds** \$ (427,591)

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

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

Capital asset additions	\$	777,062	
Current year depreciation		(500,391)	
Total			276,671

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

Taxes		(4,129)	
Intergovernmental revenue		(10,098)	
Interest revenue		(2,664)	
Total			(16,891)

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

18,157

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

(43,164)

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

(345,747)

**Change in net position of governmental activities** \$ (538,565)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,224,993	\$ 2,461,651	\$ 2,457,349	\$ (4,302)
Income taxes . . . . .	813,678	824,690	898,650	73,960
Tuition . . . . .	681,705	860,500	752,895	(107,605)
Transportation fees . . . . .	13,700	12,000	15,131	3,131
Earnings on investments . . . . .	62,209	50,300	68,706	18,406
Classroom materials and fees . . . . .	17,835	19,000	19,698	698
Rental income . . . . .	8,705	10,000	9,614	(386)
Contributions and donations . . . . .	25,089	-	27,709	27,709
Contract services . . . . .	973	200	1,075	875
Other local revenues . . . . .	56	100	62	(38)
Intergovernmental - State . . . . .	6,710,732	7,064,550	7,411,532	346,982
Intergovernmental - Federal . . . . .	31,407	54,400	34,687	(19,713)
<b>Total revenues . . . . .</b>	<b>10,591,082</b>	<b>11,357,391</b>	<b>11,697,108</b>	<b>339,717</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,432,563	5,460,133	5,419,543	40,590
Special . . . . .	1,365,249	1,372,235	1,428,555	(56,320)
Vocational . . . . .	204,506	205,373	206,993	(1,620)
Adult/continuing . . . . .	7,289	7,302	3,003	4,299
Other . . . . .	23,953	24,000	11,173	12,827
Support services:				
Pupil . . . . .	403,109	405,358	536,656	(131,298)
Instructional staff . . . . .	520,409	522,283	447,243	75,040
Board of education . . . . .	96,003	96,329	77,760	18,569
Administration . . . . .	909,822	913,800	949,344	(35,544)
Fiscal . . . . .	315,001	316,886	330,455	(13,569)
Operations and maintenance . . . . .	1,070,242	1,074,689	1,049,419	25,270
Pupil transportation . . . . .	808,349	811,358	718,216	93,142
Central . . . . .	60,001	60,217	51,378	8,839
Extracurricular activities . . . . .	309,998	311,302	311,211	91
<b>Total expenditures . . . . .</b>	<b>11,526,494</b>	<b>11,581,265</b>	<b>11,540,949</b>	<b>40,316</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(935,412)	(223,874)	156,159	380,033
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	19,566	21,609	21,609	-
Advances in . . . . .	185,616	205,000	205,000	-
Advances (out) . . . . .	(49,406)	(140,996)	(141,000)	(4)
Sale of capital assets . . . . .	2,218	1,000	2,450	1,450
<b>Total other financing sources (uses) . . . . .</b>	<b>157,994</b>	<b>86,613</b>	<b>88,059</b>	<b>1,446</b>
Net change in fund balance . . . . .	(777,418)	(137,261)	244,218	381,479
<b>Fund balance at beginning of year . . . . .</b>	<b>4,465,472</b>	<b>4,465,472</b>	<b>4,465,472</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>22,261</b>	<b>22,261</b>	<b>22,261</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 3,710,315</b>	<b>\$ 4,350,472</b>	<b>\$ 4,731,951</b>	<b>\$ 381,479</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Governmental Activities - Internal Service Fund</b>
Transfer out . . . . .	\$ (345,747)
Change in net position . . . . .	(345,747)
<b>Net position at beginning of year. . . . .</b>	345,747
<b>Net position at end of year . . . . .</b>	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>	
Cash payments for claims . . . . .	\$ (163,154)
Net cash used in operating activities . . . . .	<u>(163,154)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash used in transfers out . . . . .	<u>(345,747)</u>
Net cash provided by noncapital financing activities. . . . .	<u>(345,747)</u>
Net decrease in cash and cash equivalents . . . . .	<u>(508,901)</u>
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>508,901</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ -</u></u>
 <b>Reconciliation of operating income to net cash used in operating activities:</b>	
Operating income . . . . .	\$ -
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(163,154)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (163,154)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 156,550
Receivables:	
Accounts . . . . .	265
Intergovernmental. . . . .	105,983
Total assets. . . . .	\$ 262,798
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 343
Due to other governments . . . . .	262,455
Total liabilities . . . . .	\$ 262,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

United Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.01 of the Ohio Revised Code.

The District is located in Columbiana County and encompasses the Village of Hanoverton, Butler Township, West Township, Franklin Township and Salem Township.

The District operates under a locally-elected five-member Board form of government. Each member is elected to a four year term. The District provides educational services as authorized and mandated by State and federal agencies. The Board of Education controls the District's one instructional/support facility staffed by 41 non-certified employees and 100 certified employees who provide services to 1,239 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Education Service System (ACCESS)

The Area Cooperative Education Service System (ACCESS) is a computer network which provides data services to twenty-six school districts and two educational service centers. The jointly governed 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 districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer, at 100 DeBartolo, Suite 222, Youngstown, Ohio 44512.

Columbiana County Career and Technical Center

The Columbiana County Career and Technical Center is a jointly governed organization to provide for the vocational and special education needs of the students of nine participating school districts. The Career Center's Board of Education members are appointed by the local Boards of Education from one of its elected members. The Career Center Board of Education exercises total control over its operations, including budgeting, appropriating, contracting, and designating management. All revenues are generated from tax levies, State funding and fees. Financial information can be obtained by writing to the Columbiana County Career and Technical Center, 9364 State Route 45, Lisbon, Ohio 44432.

*PUBLIC ENTITY RISK POOLS*

Ohio Association School Business Officials Workers' Compensation Group Rating Program

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 13 for further information on this group rating plan.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

Portage Area School Consortium

The Portage Area School Consortium (the "Consortium") was established in 1981 so that 12 educational service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage County School Consortium provides that the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing Board as provided in the Consortium's enabling authority. The Portage County Educational Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage County Educational Service Center, Tom Morehouse, who serves as Treasurer, at 326 East Main Street, Ravenna, Ohio 44266.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest and (c) financial resources that are restricted to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

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

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

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

Tax Budget: Prior to January 15, the Superintendent and the Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted during fiscal year 2014; however, none of the amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds consistent with statutory provisions.

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

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

**F. Cash and Investments**

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

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

During fiscal year 2014, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposits, and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2014.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$93,325, which includes \$19,646 assigned from other funds.

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

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

All reported capital assets, except land, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net position.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The liability is an estimate based on the District’s past experience of making termination (severance) payments for sick leave.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

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

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for the food service fund.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Interfund Activity**

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

**Q. Extraordinary and Special Items**

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

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I	\$ 38,852
Improving teacher quality	909
Miscellaneous federal grants	3

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal Agent**

In the prior year, the District was self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2014 was \$3,482.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Cash on Hand**

The District had \$420 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**C. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$277,926. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$124,028 of the District’s bank balance of \$374,028 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**D. Investments**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>Greater than 24 months</u>
Negotiable certificate of deposit	\$ 4,610,008	\$ -	\$ 101,021	\$ 248,475	\$ 4,260,512
STAR Ohio	1,124,707	1,124,707	-	-	-
Total	<u>\$ 5,734,715</u>	<u>\$ 1,124,707</u>	<u>\$ 101,021</u>	<u>\$ 248,475</u>	<u>\$ 4,260,512</u>

The average maturity of investments is 2.62 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable certificate of deposit	\$ 4,610,008	80.39
STAR Ohio	<u>1,124,707</u>	<u>19.61</u>
Total	<u>\$ 5,734,715</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 277,926
Investments	5,734,715
Cash with fiscal agent	3,482
Cash on hand	<u>420</u>
Total	<u>\$ 6,016,543</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 5,859,993
Agency funds	<u>156,550</u>
Total	<u>\$ 6,016,543</u>

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**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund loans receivable/payable consisted of the following at June 30, 2014, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 31,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the statement of net position thus there are no internal balances.

- B. Interfund transfers consisted of the following, as reported in the fund financial statements:

<u>Transfers to the general fund from:</u>	
Internal service fund	<u>\$ 345,747</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2014 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The \$345,747 transfer from the internal service fund to the general fund is a residual equity transfer as the District no longer operates a self-insurance program effective July 1, 2013.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 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 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.

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**NOTE 6 - PROPERTY TAXES – (Continued)**

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$68,159 in the general fund and \$7,626 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$76,751 in the general fund and \$8,768 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 121,351,840	92.77	\$ 127,954,620	92.35
Public utility personal	<u>9,457,850</u>	<u>7.23</u>	<u>10,601,930</u>	<u>7.65</u>
Total	<u>\$ 130,809,690</u>	<u>100.00</u>	<u>\$ 138,556,550</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$30.60		\$30.60	

**NOTE 7 - INCOME TAX**

The District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$838,882 has been credited to the general fund.

**UNITED LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2014 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 3,132,855
Income taxes	331,050
Accounts	1,512
Intergovernmental	137,190
Accrued interest	<u>9,401</u>
Total	<u>\$ 3,612,008</u>

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

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>6/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/14</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 57,872	\$ -	\$ -	\$ 57,872
Construction in progress	<u>6,066</u>	<u>159,869</u>	<u>(165,935)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>63,938</u>	<u>159,869</u>	<u>(165,935)</u>	<u>57,872</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,656,281	165,935	-	1,822,216
Buildings and improvements	10,000,644	521,785	-	10,522,429
Furniture and equipment	1,812,680	6,168	-	1,818,848
Vehicles	<u>1,119,040</u>	<u>89,240</u>	<u>-</u>	<u>1,208,280</u>
Total capital assets, being depreciated	<u>14,588,645</u>	<u>783,128</u>	<u>-</u>	<u>15,371,773</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,051,417)	(68,750)	-	(1,120,167)
Buildings and improvements	(5,524,564)	(230,375)	-	(5,754,939)
Furniture and equipment	(1,309,920)	(93,656)	-	(1,403,576)
Vehicles	<u>(753,431)</u>	<u>(107,610)</u>	<u>-</u>	<u>(861,041)</u>
Total accumulated depreciation	<u>(8,639,332)</u>	<u>(500,391)</u>	<u>-</u>	<u>(9,139,723)</u>
Governmental activities capital assets, net	<u>\$ 6,013,251</u>	<u>\$ 442,606</u>	<u>\$ (165,935)</u>	<u>\$ 6,289,922</u>

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**NOTE 9 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 179,187
Special	17,042
Vocational	15,150
 <u>Support services:</u>	
Pupil	4,163
Instructional staff	5,777
Administration	20,861
Fiscal	1,632
Business	7,287
Operations and maintenance	51,749
Pupil transportation	109,342
 Extracurricular activities	 71,189
Food service operations	<u>17,012</u>
Total depreciation expense	<u>\$ 500,391</u>

**NOTE 10 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

During fiscal year 2012 and in prior years, the District entered into a capitalized lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets acquired by lease have been capitalized in the amount of \$205,811, which is equal to the present value of the future minimum payments as of the date of their inception. Accumulated depreciation as of June 30, 2014 was \$148,474 leaving a current book value of \$57,337. A corresponding liability was recorded and is presented as a component of long-term liabilities on the statement of net position. Principal payments in fiscal year 2014 totaled \$18,157 paid by the general fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 23,916
2016	23,916
2017	<u>21,923</u>
Total minimum lease payments	69,755
Less: interest	<u>(7,724)</u>
Present value	<u>\$ 62,031</u>

**UNITED LOCAL SCHOOL DISTRICT  
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**NOTE 11 - LONG-TERM OBLIGATIONS**

C. During the fiscal year 2014, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>6/30/14</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,248,971	\$ 223,076	\$ (224,618)	\$ 1,247,429	\$ 138,139
Capital lease obligation	<u>80,188</u>	<u>-</u>	<u>(18,157)</u>	<u>62,031</u>	<u>19,664</u>
Total long-term obligations, governmental activities	<u>\$ 1,329,159</u>	<u>\$ 223,076</u>	<u>\$ (242,775)</u>	<u>\$ 1,309,460</u>	<u>\$ 157,803</u>

Compensated absences - Compensated absences will be paid from the fund from which the person is paid which, for the District, is primarily the general fund and the food service fund (a nonmajor governmental fund).

Capital lease obligation - The capital lease obligation will be paid from the general fund (See Note 10).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$12,555,921 (including available funds of \$85,831) and an unvoted debt margin of \$138,557.

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to administrators on the anniversary of their employment. Classified employees are credited monthly. Vacation days must be used within the next twelve months. Classified staff can carry over five days and administrators can carry over ten days to the next school year. Administrators can be paid for a maximum of five unused vacation days. Accumulated unused vacation time is paid to administrators and classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is restricted per negotiated agreement.



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**NOTE 13 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During fiscal year 2014, the District contracted with Indiana Insurance Company for property, boiler and inland marine insurance. This risk policy has a \$1,000 deductible.

General liability is protected by the Harcum-Hyre Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles, including school buses, are covered by the Auto Owner's Insurance Company and hold a \$1,000 deductible for comprehensive and collision. There is a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. OASBO Group Workers' Compensation Rating Program**

The District participates in the Ohio Association of School Business Official Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool (Note 2.A.). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. Participants in the Program are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for the Program tier rather than its individual rate. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Program.

**D. Employee Medical Benefits**

Effective July 1, 2013, the District became a member of the Portage Area School Consortium (the "Consortium"), a risk sharing pool (see Note 2A), through which a cooperative Health Benefit Program was created for the benefits of its members. In previous years, the District was self-insured. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the District were to withdraw from the pool. If the reserve would not cover such claims, the District would be liable for any costs above the reserve. Prior to July 1, 2013, the District offered all insurances through a self-insurance fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$153,031, \$142,678 and \$134,885, respectively; 85.36 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - PENSION PLANS – (Continued)**

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$723,132, \$709,975 and \$744,375, respectively; 83.55 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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**NOTE 15 - POSTEMPLOYMENT BENEFITS – (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$20,574, \$17,893 and \$8,426, respectively; 85.36 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$8,878, \$8,060 and \$7,966, respectively; 85.36 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$55,626, \$54,613 and \$57,260, respectively; 83.55 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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COLUMBIANA COUNTY, OHIO**

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

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 244,218
Net adjustment for revenue accruals	(46,744)
Net adjustment for expenditure accruals	(63,769)
Net adjustment for other sources/uses	257,688
Funds budgeted elsewhere	(3,520)
Adjustment for encumbrances	85,151
GAAP basis	\$ 473,024

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the sunshine fund, the special rotary fund, the adult education fund, the uniform school supplies fund, the public school support fund and the State or political subdivision fund.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

**NOTE 18 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	222,522
Current year qualifying expenditures	<u>(933,651)</u>
Total	<u>\$ (711,129)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 19 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 69,732
Other governmental	<u>221,398</u>
Total	<u>\$ 291,130</u>

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**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b><i>Passed Through Ohio Department of Education</i></b>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)	006	10.555	\$48,554	\$48,554
National School Lunch Program				
Cash Assistance:				
School Breakfast Program	006	10.553	69,200	69,200
National School Lunch Program	006	10.555	<u>226,648</u>	<u>226,648</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			<u>344,402</u>	<u>344,402</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b><i>Passed Through Ohio Department of Education</i></b>				
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	572-9113	84.010	134,997	70,827
Title I Grants to Local Educational Agencies	572-9114	84.010	<u>365,882</u>	<u>339,962</u>
Total Title I Grants to Local Educational Agencies			500,879	410,789
Rural Education Grant				
Rural Education Grant	599-9013	84.358	-	1,051
Rural Education Grant	599-9014	84.358	<u>801</u>	<u>805</u>
Total Rural Education Grant			801	1,856
Improving Teacher Quality State Grants				
Improving Teacher Quality State Grants	590-9013	84.367	7,731	10,932
Improving Teacher Quality State Grants	590-9014	84.367	<u>62,890</u>	<u>59,578</u>
Total Improving Teacher Quality State Grants			<u>70,621</u>	<u>70,510</u>
Total U.S. Department of Education			<u>572,301</u>	<u>483,155</u>
<b>Total</b>			<b><u>\$916,703</u></b>	<b><u>\$827,557</u></b>

*The accompanying notes are an integral part of this schedule.*

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the United 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 - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs 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

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of United Local School District, Columbiana County, (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 March 13, 2015.

### ***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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

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

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

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***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 13, 2015



# Dave Yost • Auditor of State

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

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

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

We have audited the United Local School District'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 United Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal 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 program.

### ***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, the United Local School 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

March 13, 2015

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	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):	Title I – Grants to Local Educational Agencies – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**UNITED LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 2, 2015**