



Dave Yost • Auditor of State



**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashland City School District  
Ashland County  
416 Arthur Street  
Ashland, Ohio 44805

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland City School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2013, 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, each major fund, and the aggregate remaining fund information of the Ashland City School District, Ashland County, Ohio, as of June 30, 2013, 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 Federal Awards Receipts and Expenditures 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 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 April 28, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

April 28, 2014

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**Ashland City School District**  
**Ashland County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The discussion and analysis of the Ashland City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2013 are as follows:

- Net position increased \$17,664,677, which represents a 125 percent increase from 2012.
- Capital assets increased \$1,409,614 during fiscal year 2012.
- During the year, outstanding debt increased from \$3,263,709 to \$31,076,229 due to the issuance of classroom facilities and school improvement bonds.

***Using this Annual Report***

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

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

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

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

***Fund Financial Statements***

The major funds financial statements begin on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the classroom facilities fund.

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

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 20.

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

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 23 and 24. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Ashland City School District**  
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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

**Table 1**  
**Net Position**

	Governmental Activities	
	2013	2012
<b>Assets</b>		
Current and Other Assets	\$ 69,191,789	\$ 24,530,578
Capital Assets	12,370,072	10,960,458
<i>Total Assets</i>	81,561,861	35,491,036
<b>Liabilities</b>		
Other Liabilities	16,527,829	15,708,897
Long-Term Liabilities	33,246,006	5,658,790
<i>Total Liabilities</i>	49,773,835	21,367,687
<b>Net Position</b>		
Net Investment in Capital Assets	8,695,639	7,696,749
Restricted	17,765,046	902,642
Unrestricted	5,327,341	5,523,958
<i>Total Net Position</i>	\$ 31,788,026	\$ 14,123,349

At year end, capital assets represented 15 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and construction in progress. Net investment in capital assets was \$8,695,639 at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School 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.

Fiscal year 2013 marked the beginning of a large construction and renovation project funded largely by the Ohio School Facilities Commission. At the end of the fiscal year, the School District had a large grant receivable and cash balance. Construction in progress had a balance of \$625,725. During the fiscal year, the School District issued and retired bond anticipation notes. Classroom facilities and school improvements bonds were issued in the total amount of \$27,469,728. An energy conservation refunding bond was issued for \$3,045,000 to pay off existing debt.

A portion of the School District's net position, \$17,765,046 or 56 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$5,327,341 may be used to meet the government's ongoing obligations to students and creditors.

**Ashland City School District**  
**Ashland County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2013	2012
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,446,665	\$ 1,839,482
Operating Grants	3,845,327	3,831,457
Capital Grants	849,390	0
<i>Total Program Revenues</i>	<u>6,141,382</u>	<u>5,670,939</u>
<i>General Revenues:</i>		
Property Taxes	15,743,024	13,243,508
Grants and Entitlements Not Restricted	14,017,960	14,278,319
Grants and Entitlements Restricted for OSFC	15,796,045	0
Payments in Lieu of Taxes	214,974	219,287
Other	64,384	267,201
<i>Total General Revenues</i>	<u>45,836,387</u>	<u>28,008,315</u>
<i>Total Revenues</i>	<u>51,977,769</u>	<u>33,679,254</u>
<b>Program Expenses</b>		
Instruction:		
Regular	14,541,514	15,287,057
Special	4,501,791	4,789,267
Vocational	581,581	639,691
Other	1,264,464	952,081
Support Services:		
Pupils	1,418,179	1,684,797
Instructional Staff	1,404,476	1,560,738
Board of Education	129,910	90,601
Administration	2,262,847	2,428,213
Fiscal	803,984	843,685
Business	351,644	329,338
Operation and Maintenance of Plant	2,359,386	2,878,679
Pupil Transportation	1,228,637	1,237,917
Central	354,486	318,692
Operation of Non-Instructional Services:		
Food Service Operations	1,453,696	1,418,988
Community Services	299,836	180,107
Extracurricular Activities	1,033,992	963,492
Debt Service:		
Interest and Fiscal Charges	322,669	116,700
<i>Total Expenses</i>	<u>34,313,092</u>	<u>35,720,043</u>
<i>Increase (Decrease) in Net Position</i>	17,664,677	(2,040,789)
<i>Net Position at Beginning of Year</i>	<u>14,123,349</u>	<u>16,164,138</u>
<i>Net Position at End of Year</i>	<u>\$ 31,788,026</u>	<u>\$ 14,123,349</u>

**Ashland City School District**  
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Restricted grant and entitlement revenue in fiscal year 2013 reflects the award of an Ohio School Facilities Commission grant of \$15,796,045. Property tax revenue increased by almost \$2,500,000 from fiscal year 2012 to fiscal year 2013. Two new levies were passed for bond retirement and classroom facilities maintenance. Capital grants increased due to the donation of property to the School District in fiscal year 2013.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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 entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
Instruction:				
Regular	\$ 14,541,514	\$ 15,287,057	\$ 13,686,995	\$ 14,249,005
Special	4,501,791	4,789,267	2,625,259	3,239,461
Vocational	581,581	639,691	443,688	504,979
Other	1,264,464	952,081	1,264,464	952,081
Support Services:				
Pupils	1,418,179	1,684,797	1,418,179	1,669,491
Instructional Staff	1,404,476	1,560,738	1,272,263	922,661
Board of Education	129,910	90,601	129,910	90,601
Administration	2,262,847	2,428,213	1,984,743	2,219,904
Fiscal	803,984	843,685	740,363	843,685
Business	351,644	329,338	351,644	311,032
Operation and Maintenance of Plant	2,359,386	2,878,679	2,345,267	2,862,063
Pupil Transportation	1,228,637	1,237,917	542,652	1,200,707
Central	354,486	318,692	290,865	306,092
Operation of Non-Instructional Services:				
Food Service Operations	1,453,696	1,418,988	(8,726)	(35,881)
Community Services	299,836	180,107	92,589	(3,324)
Extracurricular Activities	1,033,992	963,492	668,886	599,847
Debt Service:				
Interest and Fiscal Charges	322,669	116,700	322,669	116,700
<i>Total Expenses</i>	<u>\$ 34,313,092</u>	<u>\$ 35,720,043</u>	<u>\$ 28,171,710</u>	<u>\$ 30,049,104</u>

The dependence upon general revenues for governmental activities is apparent. Over 82 percent of governmental activities are supported through taxes and other general revenues; such revenues are 88 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

**Ashland City School District**  
**Ashland County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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***Governmental Funds***

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$35,741,127 and expenditures of \$36,176,045 for fiscal year 2013.

The general fund's net change in fund balance for fiscal year 2013 was a decrease of \$778,807. Revenue in the general fund was \$29,309,380, which was an increase of \$715,188 over the revenue in fiscal year 2012. Most of this increase was in the area of property tax revenue. Expenses in fiscal year 2013 were \$1,307,387 lower than the fiscal year 2012 total of \$31,395,574, mainly in the area of support service expenditures.

The fund balance of the classroom facilities fund increased by \$22,587,062. The classroom facilities fund was created in fiscal year 2013 to account for the expenditures for the School District's major construction and renovation project.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2013, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue was \$35 higher than the final budget basis revenue of \$29,141,119.

Final expenditure appropriations of \$30,676,228 were \$44,268 higher than the actual expenditures of \$30,631,960.

**Ashland City School District**  
**Ashland County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2013, the School District had \$12,370,072 invested in capital assets. Table 4 shows fiscal year 2013 balances compared with 2012.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	2013	2012
Land	\$ 1,239,769	\$ 757,979
Construction in Progress	625,725	0
Land Improvements	227,204	234,117
Buildings and Improvements	8,246,963	7,782,228
Furniture, Fixtures and Equipment	1,381,502	1,404,831
Vehicles	648,909	781,303
<i>Total</i>	<u>\$ 12,370,072</u>	<u>\$ 10,960,458</u>

The \$1,409,614 increase in capital assets was attributable to additional purchases exceeding current year depreciation and disposals. The School District began a construction project in fiscal year 2013, and also received a large donation of land and a building. See Note 8 for more information about the capital assets of the School District.

**Debt**

At June 30, 2013, the School District had \$31,076,229 in debt outstanding. The School District issued nearly \$27,500,000 in new school improvement bonds in fiscal year 2013. Another \$3,045,000 was issued to refund existing energy conservation debt. See Note 12 for additional details. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2013	2012
H.B. 264 Energy Conservation Bonds	\$ 0	\$ 3,190,709
Land Purchase Loan	200,000	73,000
Fisher-Titus Foundation Loan	60,000	0
Energy Conservation Refunding Bond	3,045,000	0
School Improvement Bonds - Serial & Term	27,355,000	0
School Improvement Bonds - Capital Appreciation	114,728	0
Accretion on Capital Appreciation Bonds	10,838	0
Bond Premium	928,510	0
Bond Discounts	(637,847)	0
<i>Total</i>	<u>\$ 31,076,229</u>	<u>\$ 3,263,709</u>

**Ashland City School District**  
**Ashland County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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***Current Issues***

On November 4, 2012, a bond issue was passed by the citizens of the community of Ashland City Schools, to build a new elementary building, a new middle school building, and a new auditorium addition to the current high school building. With the passage of the levy, the State of Ohio, through the Ohio Facilities Construction Commission, secured a contribution to the elementary and middle school facilities of 41%. The auditorium funds separate from the Classroom Facilities Assistance Program will cost approximately \$4,750,000. The cost of the elementary and middle school project is approximately \$38,526,940.

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, community support remains quite strong.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither 'adequate' nor equitable'. Since 1997, the State has directed its additional financial support toward School Districts with little property tax wealth. In December 2003, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate'. The Court directed the Governor and the legislature to address the fundamental issue creating the inequities.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Gina Deppert, Treasurer of Ashland City School District, 416 Arthur Street, Ashland, Ohio 44805.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Net Position*  
*June 30, 2013*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 35,989,118
Cash and Cash Equivalents in Segregated Accounts	3,000
Receivables:	
Accounts	9,946
Intergovernmental	15,975,269
Property Taxes	16,847,032
Deferred Charges	367,424
Nondepreciable Capital Assets	1,865,494
Depreciable Capital Assets (Net)	10,504,578
<i>Total Assets</i>	81,561,861
<b>Liabilities</b>	
Accounts Payable	51,942
Accrued Wages and Benefits	2,468,496
Intergovernmental Payable	771,716
Matured Compensated Absences Payable	175,321
Accrued Interest Payable	174,416
Claims Payable	306,841
Deferred Revenue	12,579,097
Long Term Liabilities:	
Due Within One Year	898,699
Due In More Than One Year	32,347,307
<i>Total Liabilities</i>	49,773,835
<b>Net Position</b>	
Net Investment in Capital Assets	8,695,639
Restricted For:	
Capital Outlay	16,107,667
Debt Service	855,546
Other Purposes	801,833
Unrestricted	5,327,341
<i>Total Net Position</i>	\$ 31,788,026

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 14,541,514	\$ 447,151	\$ 407,368	\$ 0	\$ (13,686,995)
Special	4,501,791	51,135	1,825,397	0	(2,625,259)
Vocational	581,581	8,290	129,603	0	(443,688)
Other	1,264,464	0	0	0	(1,264,464)
Support Services:					
Pupils	1,418,179	0	0	0	(1,418,179)
Instructional Staff	1,404,476	0	132,213	0	(1,272,263)
Board of Education	129,910	0	0	0	(129,910)
Administration	2,262,847	95,458	119,025	63,621	(1,984,743)
Fiscal	803,984	0	0	63,621	(740,363)
Business	351,644	0	0	0	(351,644)
Operation and Maintenance of Plant	2,359,386	0	14,119	0	(2,345,267)
Pupil Transportation	1,228,637	27,458	0	658,527	(542,652)
Central	354,486	0	0	63,621	(290,865)
Operation of Non-Instructional Services:					
Food Service Operations	1,453,696	464,228	998,194	0	8,726
Community Services	299,836	0	207,247	0	(92,589)
Extracurricular Activities	1,033,992	352,945	12,161	0	(668,886)
Debt Service:					
Interest and Fiscal Charges	322,669	0	0	0	(322,669)
<b>Total</b>	<b>\$ 34,313,092</b>	<b>\$ 1,446,665</b>	<b>\$ 3,845,327</b>	<b>\$ 849,390</b>	<b>(28,171,710)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	14,121,515
Debt Service	1,042,035
Capital Outlay	454,743
Other Purposes	124,731
Grants and Entitlements Not Restricted to Specific Programs	14,017,960
Grants and Entitlements Restricted for Ohio School Facilities Project	15,796,045
Payments in Lieu of Taxes	214,974
Investment Earnings	(104,839)
Miscellaneous	169,223

*Total General Revenues*

45,836,387

*Change in Net Position*

17,664,677

*Net Position Beginning of Year*

14,123,349

*Net Position End of Year*

\$ 31,788,026

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2013*

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 4,624,882	\$ 22,587,062	\$ 6,368,265	\$ 33,580,209
Cash and Cash Equivalents in Segregated Accounts	0	0	3,000	3,000
Receivables:				
Accounts	9,946	0	0	9,946
Intergovernmental	70,967	15,344,102	560,200	15,975,269
Property Taxes	14,861,127	0	1,985,905	16,847,032
<i>Total Assets</i>	<u>\$ 19,566,922</u>	<u>\$ 37,931,164</u>	<u>\$ 8,917,370</u>	<u>\$ 66,415,456</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 34,523	\$ 0	\$ 15,668	\$ 50,191
Accrued Wages and Benefits	2,203,076	0	265,420	2,468,496
Intergovernmental Payable	694,483	0	75,865	770,348
Matured Compensated Absences Payable	175,321	0	0	175,321
Deferred Revenue	11,900,003	15,344,102	2,109,222	29,353,327
<i>Total Liabilities</i>	<u>15,007,406</u>	<u>15,344,102</u>	<u>2,466,175</u>	<u>32,817,683</u>
<b>Fund Balances</b>				
Nonspendable	14,656	0	0	14,656
Restricted	0	22,587,062	6,613,870	29,200,932
Assigned	298,184	0	0	298,184
Unassigned	4,246,676	0	(162,675)	4,084,001
<i>Total Fund Balances</i>	<u>4,559,516</u>	<u>22,587,062</u>	<u>6,451,195</u>	<u>33,597,773</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 19,566,922</u>	<u>\$ 37,931,164</u>	<u>\$ 8,917,370</u>	<u>\$ 66,415,456</u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
June 30, 2013

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<b>Total Governmental Fund Balances</b>	\$ 33,597,773
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*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,370,072
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	\$ 911,113
Intergovernmental	<u>15,863,117</u>
Total	16,774,230

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	2,098,949
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In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	367,424
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In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.	(174,416)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Loan Payable	(60,000)
Note Payable	(200,000)
General Obligation Bonds	(27,355,000)
Refunding Bonds	(3,045,000)
Bond Premium	(928,510)
Refunding Loss	43,645
Bond Discount	594,202
Capital Appreciation Bonds	(114,728)
Accretion of Interest - Capital Appreciation Bonds	(10,838)
Compensated Absences	<u>(2,169,777)</u>
Total	<u>(33,246,006)</u>

<i>Net Position of Governmental Activities</i>	<u>\$ 31,788,026</u>
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See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 14,319,199	\$ 0	\$ 1,543,780	\$ 15,862,979
Intergovernmental	13,936,826	451,943	3,711,268	18,100,037
Investment Income	(86,507)	(15,125)	(3,543)	(105,175)
Tuition and Fees	527,555	0	0	527,555
Extracurricular Activities	200,243	0	245,674	445,917
Rentals	15,098	0	0	15,098
Charges for Services	8,971	0	464,229	473,200
Contributions and Donations	16,030	0	22,527	38,557
Payments in Lieu of Taxes	214,974	0	0	214,974
Miscellaneous	156,991	0	10,994	167,985
<i>Total Revenues</i>	<u>29,309,380</u>	<u>436,818</u>	<u>5,994,929</u>	<u>35,741,127</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	14,358,006	0	382,810	14,740,816
Special	3,416,244	0	1,286,854	4,703,098
Vocational	596,526	0	0	596,526
Other	1,264,464	0	0	1,264,464
Support Services:				
Pupils	1,525,658	0	21,121	1,546,779
Instructional Staff	733,503	0	646,313	1,379,816
Board of Education	129,910	0	0	129,910
Administration	2,181,102	0	85,870	2,266,972
Fiscal	789,515	0	10,376	799,891
Business	348,935	0	0	348,935
Operation and Maintenance of Plant	2,264,253	0	7,456	2,271,709
Pupil Transportation	1,108,279	0	13,711	1,121,990
Central	318,985	0	41,263	360,248
Extracurricular Activities	725,254	0	283,906	1,009,160
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,469,067	1,469,067
Community Services	8	0	297,856	297,864
Capital Outlay	1,945	580,651	454,099	1,036,695
Debt Service:				
Principal Retirement	217,736	0	63,000	280,736
Interest and Fiscal Charges	107,864	0	76,081	183,945
Issuance Costs	0	0	367,424	367,424
<i>Total Expenditures</i>	<u>30,088,187</u>	<u>580,651</u>	<u>5,507,207</u>	<u>36,176,045</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(778,807)</u>	<u>(143,833)</u>	<u>487,722</u>	<u>(434,918)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of General Obligation Bonds	0	0	27,469,728	27,469,728
Premium on Debt Issuance	0	0	929,740	929,740
Notes Issued	0	0	250,000	250,000
Refunding Bonds Issued	0	0	3,045,000	3,045,000
Payment to Refunded Bond Escrow Agent	0	0	(3,016,618)	(3,016,618)
Discount on Bonds and Notes Issued	0	0	(594,202)	(594,202)
Transfers In	0	22,730,895	4,750,000	27,480,895
Transfers Out	0	0	(27,480,895)	(27,480,895)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>22,730,895</u>	<u>5,352,753</u>	<u>28,083,648</u>
<i>Net Change in Fund Balance</i>	<u>(778,807)</u>	<u>22,587,062</u>	<u>5,840,475</u>	<u>27,648,730</u>
<i>Fund Balances Beginning of Year</i>	<u>5,338,323</u>	<u>0</u>	<u>610,720</u>	<u>5,949,043</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,559,516</u>	<u>\$ 22,587,062</u>	<u>\$ 6,451,195</u>	<u>\$ 33,597,773</u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland 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, 2013*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	27,648,730
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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 capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 1,812,454	
Current Year Depreciation	<u>(402,840)</u>	1,409,614
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(119,954)	
Intergovernmental	<u>15,505,639</u>	15,385,685
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Land Purchase Loan	13,000	
Energy Conservation Loan	217,736	
Claremont Ave. Property note principal	<u>50,000</u>	280,736
 Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Refunding Bond	2,972,973	
Capital Appreciation Bonds	(114,728)	
Note Payable	(250,000)	
General Obligation Bonds	<u>(30,400,000)</u>	(27,791,755)
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued Interest Payable	(127,885)	
Amortization of Discount	594,202	
Amortization of Issuance Costs	367,424	
Amortization of Premium on Bonds	(928,510)	
Amortization of Refunding Loss	<u>43,645</u>	(51,124)
 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 expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		568,325
 Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		225,304
 Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(10,838)</u>
 <i>Change in Net Position of Governmental Activities</i>		 <u><u>\$ 17,664,677</u></u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 14,225,551	\$ 14,201,615	\$ 14,201,632	\$ 17
Intergovernmental	13,956,681	13,933,197	13,933,214	17
Investment Income	52,397	52,309	52,309	0
Tuition and Fees	553,382	552,451	552,452	1
Extracurricular Activities	73,859	73,735	73,735	0
Rentals	16,305	16,278	16,278	0
Charges for Services	8,304	8,290	8,290	0
Contributions and Donations	7,412	7,400	7,400	0
Payments in Lieu of Taxes	215,336	214,974	214,974	0
Miscellaneous	81,006	80,870	80,870	0
<i>Total Revenues</i>	<u>29,190,233</u>	<u>29,141,119</u>	<u>29,141,154</u>	<u>35</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	14,556,144	14,497,048	14,494,241	2,807
Special	3,483,194	3,479,229	3,468,381	10,848
Vocational	630,044	630,708	627,365	3,343
Other	1,283,503	1,280,045	1,278,045	2,000
Support Services:				
Pupils	1,622,745	1,615,849	1,615,844	5
Instructional Staff	742,489	739,354	739,331	23
Board of Education	154,164	161,544	153,508	8,036
Administration	2,177,724	2,171,632	2,168,463	3,169
Fiscal	798,089	798,442	794,695	3,747
Business	348,112	346,633	346,632	1
Operation and Maintenance of Plant	2,432,615	2,427,788	2,422,270	5,518
Pupil Transportation	1,167,503	1,163,470	1,162,538	932
Central	327,454	329,900	326,061	3,839
Extracurricular Activities	710,053	707,033	707,033	0
Operation of Non-Instructional Services:				
Food Service Operations	8	8	8	0
Capital Outlay	110,278	109,809	109,809	0
Debt Service:				
Principal Retirement	218,669	217,736	217,736	0
<i>Total Expenditures</i>	<u>30,762,788</u>	<u>30,676,228</u>	<u>30,631,960</u>	<u>44,268</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,572,555)</u>	<u>(1,535,109)</u>	<u>(1,490,806)</u>	<u>44,303</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	21,529	21,493	21,493	0
Refund of Prior Year Receipts	(3,632)	(3,617)	(3,617)	0
Advances In	141,403	141,165	141,165	0
Transfers Out	(26,951)	(26,836)	(26,836)	0
<i>Total Other Financing Sources (Uses)</i>	<u>132,349</u>	<u>132,205</u>	<u>132,205</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,440,206)</u>	<u>(1,402,904)</u>	<u>(1,358,601)</u>	<u>44,303</u>
<i>Fund Balance Beginning of Year</i>	5,295,604	5,295,604	5,295,604	0
Prior Year Encumbrances Appropriated	354,321	354,321	354,321	0
<i>Fund Balance End of Year</i>	<u>\$ 4,209,719</u>	<u>\$ 4,247,021</u>	<u>\$ 4,291,324</u>	<u>\$ 44,303</u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2013*

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	Governmental Activities - Internal Service Fund
	<u>                    </u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 2,408,909
	<u>                    </u>
<b>Liabilities</b>	
Accounts Payable	1,751
Intergovernmental Payable	1,368
Claims Payable	306,841
	<u>                    </u>
<i>Total Liabilities</i>	<u>309,960</u>
<b>Net Position</b>	
Unrestricted	2,098,949
	<u>                    </u>
<i>Total Net Position</i>	<u>\$ 2,098,949</u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2013*

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenue</b>	
Charges for Services	\$ 4,978,444
Other	<u>60,763</u>
<i>Total Operating Revenues</i>	<u>5,039,207</u>
<b>Operating Expenses</b>	
Salaries and Wages	147,570
Fringe Benefits	23,952
Purchased Services	706,564
Claims	3,588,857
Other	<u>4,275</u>
<i>Total Operating Expenses</i>	<u>4,471,218</u>
<i>Operating Income</i>	<u>567,989</u>
<b>Non-Operating Revenue</b>	
Interest	<u>336</u>
<i>Change in Net Position</i>	568,325
<i>Net Position Beginning of Year</i>	<u>1,530,624</u>
<i>Net Position End of Year</i>	<u><u>\$ 2,098,949</u></u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 4,979,063
Other Cash Receipts	60,763
Cash Paid for Goods and Services	(706,564)
Cash Paid for Employee Services and Benefits	(180,864)
Cash Paid for Claims	(3,677,056)
Other Cash Payments	(4,275)
	<u>471,067</u>
<i>Net Cash Provided By Operating Activities</i>	<u>471,067</u>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	336
	<u>336</u>
<i>Net Increase in Cash and Investments</i>	471,403
<i>Cash and Investments Beginning of Year</i>	<u>1,937,506</u>
<i>Cash and Investments End of Year</i>	<u>\$ 2,408,909</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating Income	\$ 567,989
Adjustments:	
(Increase) Decrease Assets:	
Accounts Receivable	620
Increase (Decrease) in Liabilities:	
Accounts Payable	1,751
Intergovernmental Payable	(11,094)
Claims Payable	(88,199)
	<u>(96,922)</u>
<i>Total Adjustments</i>	<u>(96,922)</u>
<i>Net Cash Provided By Operating Activities</i>	<u>\$ 471,067</u>

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2013*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 62,984	\$ 56,869
Investments in Segregated Accounts	272,014	0
<i>Total Assets</i>	334,998	\$ 56,869
<b>Liabilities</b>		
Due to Students	0	\$ 56,869
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 334,998	

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$ 7,054
Investment Earnings	25,141
Miscellaneous	1,361
<i>Total Additions</i>	33,556
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	10,340
<i>Change in Net Position</i>	23,216
<i>Net Position Beginning of Year</i>	311,782
<i>Net Position End of Year</i>	\$ 334,998

See accompanying notes to the basic financial statements.

**Ashland City School District**  
**Ashland County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 1 - Description of the School District and Reporting Entity**

The Ashland City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District’s six instructional/support facilities.

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Tri-County Computer Service Association (TCCSA), which is defined as a jointly governed organization. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 15.

The Ashland Public Library (the “Library”) is a related organization to the School District. The school board cannot influence the Library’s operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the School District during fiscal year 2013.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Ashland City School District**  
**Ashland County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

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

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the 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 liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

**Ashland City School District**  
**Ashland County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***Classroom Facilities Fund*** The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

***Proprietary Funds*** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription benefits.

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

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

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

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Private Purpose Trust funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements. 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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

***F. Cash and Investments***

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

During fiscal year 2013, investments were limited to STAROhio, Federal Home Loan Mortgage Corporation notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Ohio state serial bonds, Ohio state general obligation bonds, Ohio state building authority bonds, Ohio State University bonds, stock certificates and a repurchase agreement.

In previous fiscal years, the School District received donated stocks, which are reported in a permanent endowment fund as "Investments in Segregated Accounts." The stocks are carried at fair value and are not to be sold. The dividends are used for expenditures of this fund.

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Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a4 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings (including fair market value adjustments for investments) credited to the general fund during fiscal year 2013 amounted to (\$86,507), which includes (\$18,668) assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

***G. Capital Assets***

All capital assets of the School District are classified as general capital assets. 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 retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land 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>Estimated Lives</u>
Land Improvements	8 years
Buildings and Improvements	40 years
Furniture, Fixtures and Equipment	5-8 years
Vehicles	10 years

***H. Interfund Balances***

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

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***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and termination benefits 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 fiscal year. Bonds and loans are recognized as a liability on the fund financial statements when due.

***K. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

***L. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

***M. Interfund Activity***

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

***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

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***O. 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 2013.

***P. Estimates***

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

***Q. Implementation of New Accounting Policies***

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*," GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*," GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," and GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

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**Note 3 – Accountability**

Fund balances at June 30, 2013 included the following individual fund deficits:

<i>Non-major Special Revenue Funds</i>	
Food Service	\$ 87,888
Alternative Schools	1,933
IDEA - B	5,924
Title I	54,091
Title II-A	12,839

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

**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, assigned or committed fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

<b>Net Change in Fund Balance</b>	
	<b>General</b>
GAAP Basis	\$ (778,807)
Net Adjustment for Revenue Accruals	59,370
Advances In	141,165
Net Adjustment for Expenditure Accruals	(1,015,055)
Funds Budgeted Elsewhere **	(13,940)
Adjustment for Encumbrances	248,666
Budget Basis	\$ (1,358,601)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes faculty lounge, uniform school supplies, adult education, rotary, public school support and unclaimed monies funds.

**Note 5 - Deposits and Investments**

State statute classifies monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the School District’s 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;

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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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 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 rating classifications by at least two nationally recognized rating agencies.

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

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2013, the School District and public depositories complied with the provisions of these statutes.

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***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was \$27,239,349 which includes \$3,050 of cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2013, \$4,722,747 of the School District's bank balance of \$27,474,591 was exposed to custodial credit risk as discussed above. \$22,751,844 of the bank balance was covered by Federal Deposit Insurance Corporation.

***Investments***

As of June 30, 2013, the School District had the following investments:

Standard & Poor's Rating	Investment Type	Fair Value	Investment Maturities		Percent of Total
			6 Months or Less	More than 24 Months	
N/A	Repurchase Agreement	\$ 50,481	\$ 50,481	\$ 0	0.57%
AA+	Federal Farm Credit Bank	2,872,863	0	2,872,863	32.38%
AA+	Federal National Mortgage Association	3,902,952	0	3,902,952	43.99%
AAA	Columbus Ohio Series One	280,060	0	280,060	3.16%
AA+	Ohio State Serial A	281,288	0	281,288	3.17%
AA+	Ohio State General Obligation Bonds	255,299	0	255,299	2.88%
AA	Ohio State Building Authority	138,590	0	138,590	1.56%
AA	Ohio State University	638,359	0	638,359	7.19%
AAAm	STAROhio	452,730	452,730	0	5.10%
	Total Investments	<u>\$ 8,872,622</u>	<u>\$ 503,211</u>	<u>\$ 8,369,411</u>	<u>100.00%</u>

***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 School District's investment policy limits investment portfolio maturities to five years or less.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio to maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2013, is 58 days.

***Credit Risk*** The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were Aaa by Moody's Investor Services. The School District's investments at June 30, 2013 are rated as shown above by Standard & Poor's. The School District has no investment policy that would further limit its investment choices.

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**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the School District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2 percent. The School District has no investment policy dealing with investment custodial credit 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 School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage to total of each investment type held by non-endowment funds of the School District at June 30, 2013.

**Investments – Private Purpose Trust Fund**

As of June 30, 2013, the School District's permanent endowment fund had the following investments:

Investment Type	Fair Value	Percent of Total
Stocks:		
Alcatel - Lucent	\$ 324	0.12%
AT&T	142,198	52.28%
CenturyLink, Inc.	3,397	1.25%
ComCast	31,237	11.48%
Exelon	6,000	2.21%
Fairpoint	176	0.06%
LSI Corp.	452	0.17%
NCR Corp.	3,405	1.25%
Teradata	5,304	1.95%
Verizon	57,713	21.22%
Frontier	1,080	0.40%
Vodafone	20,728	7.62%
Total	<u>\$ 272,014</u>	<u>100.00%</u>

These investments were donated in a prior year and the principal amount is non-expendable.

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**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Ashland and Richland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and 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 revenue.

The amount available as an advance at June 30, 2013 was \$2,961,124 in the general fund, \$266,738 in the bond retirement debt service fund, \$108,391 in the permanent improvement capital projects fund and \$20,659 in the classroom facilities maintenance fund. The amount available as an advance at June 30, 2012, was \$2,843,557 in the general fund and \$84,249 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 First- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 426,075,200	96.42%	\$ 429,423,280	96.13%
Public Utility Personal	15,830,930	3.58%	17,291,510	3.87%
<b>Total Assessed Values</b>	<b>\$ 441,906,130</b>	<b>100.00%</b>	<b>\$ 446,714,790</b>	<b>100.00%</b>
 Tax rate per \$1,000 of assessed valuation	 \$ 62.25		 \$ 65.95	

**Note 7 - Receivables**

Receivables at June 30, 2013, consisted of taxes, accounts (rent, student fees and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

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**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>06/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2013</u>
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 757,979	\$ 481,790	\$ 0	\$ 1,239,769
Construction in Progress	<u>0</u>	<u>625,725</u>	<u>0</u>	<u>625,725</u>
<i>Total Capital Assets not being Depreciated</i>	<u>757,979</u>	<u>1,107,515</u>	<u>0</u>	<u>1,865,494</u>
<i>Capital Assets being depreciated</i>				
Land Improvements	580,683	0	0	580,683
Buildings and Improvements	19,466,526	692,776	0	20,159,302
Furniture, Fixtures and Equipment	4,246,745	12,163	(24,800)	4,234,108
Vehicles	<u>1,796,631</u>	<u>0</u>	<u>0</u>	<u>1,796,631</u>
<i>Total Capital Assets Being Depreciated</i>	<u>26,090,585</u>	<u>704,939</u>	<u>(24,800)</u>	<u>26,770,724</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(346,566)	(6,913)	0	(353,479)
Buildings and Improvements	(11,684,298)	(228,041)	0	(11,912,339)
Furniture, Fixtures and Equipment	(2,841,914)	(35,492)	24,800	(2,852,606)
Vehicles	<u>(1,015,328)</u>	<u>(132,394)</u>	<u>0</u>	<u>(1,147,722)</u>
<i>Total Accumulated Depreciation</i>	<u>(15,888,106)</u>	<u>(402,840) *</u>	<u>24,800</u>	<u>(16,266,146)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>10,202,479</u>	<u>302,099</u>	<u>0</u>	<u>10,504,578</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 10,960,458</u>	<u>\$ 1,409,614</u>	<u>\$ 0</u>	<u>\$ 12,370,072</u>

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\* Depreciation expense was charged to governmental functions as follows:

Instruction:			
Regular	\$	99,929	
Special		7,255	
Vocational		5,428	
Support Services:			
Instructional Staff		22,527	
Administration		4,195	
Business		735	
Operation and Maintenance of Plant		95,494	
Pupil Transportation		117,791	
Central		1,178	
Operation of Non-Instructional Services:			
Food Service Operations		22,759	
Community Services		970	
Extracurricular Activities		24,579	
		<u>402,840</u>	
<i>Total Depreciation</i>	<u>\$</u>	<u>402,840</u>	

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$306,841, reported in the fund at year end, was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$100,000 per employee.

Changes in fund's claims liability for the fiscal years 2013 and 2012 are as follows:

	<u>Balance</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claims</u> <u>Payments</u>	<u>Balance</u> <u>End of Year</u>
2012	\$ 692,019	\$ 3,642,518	\$ 3,939,497	\$ 395,040
2013	\$ 395,040	\$ 3,588,857	\$ 3,677,056	\$ 306,841

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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**Note 10 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .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 statutory maximum amount of 10 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 School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$378,753, \$520,204 and \$515,995, respectively; 43 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,934,768 , \$2,481,832 and \$2,117,960, respectively; 80 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$93,485 made by the School District and \$66,775 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 11 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan 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 Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 (the latest information available) was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. 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 SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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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 fiscal year 2013, .16 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 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$52,251, \$20,510, and \$52,705, respectively; 43 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$21,395, \$27,968, and \$28,011, respectively; 43 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

***B. State Teachers Retirement System***

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (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 fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$148,828, \$177,274, and \$151,283, respectively; 80 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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**Note 12 - Long-Term Obligations**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Land Purchase Loan	4.50% to 5.10%	\$ 178,000	December 1, 2023
Fisher-Titus Foundation Loan	0%	250,000	November 1, 2018
<i>General Obligation Bonds:</i>			
H.B. 264 Energy Conservation Bonds	3.50%	3,800,000	December 1, 2023
Energy Conservation Improvement Refunding Bonds	1.50% to 3.50%	3,045,000	November 1, 2023
Classroom Facilities and School Improvement Bonds	1.50% to 4.00%	9,890,000	November 1, 2042
Classroom Facilities and School Improvement Bonds	1.25% to 3.375%	17,579,728	November 1, 2049

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding 06/30/2012	Additions	Deductions	Principal Outstanding 06/30/2013	Amounts Due Within One Year
<i>Governmental Activities</i>					
H.B. 264 Energy Conservation Bonds	\$ 3,190,709	\$ 0	\$ (3,190,709)	\$ 0	\$ 0
Land Purchase Loan	73,000	0	(13,000)	60,000	14,000
Fisher-Titus Foundation Loan	0	250,000	(50,000)	200,000	50,000
<i>General Obligation Bonds</i>					
Classroom Facilities and School Improvement Bonds					
Series and Term Bonds	0	9,890,000	0	9,890,000	120,000
Unamortized Premium	0	111,807	0	111,807	0
Discount	0	(89,024)	0	(89,024)	0
Classroom Facilities and School Improvement Bonds					
Series and Term Bonds	0	17,465,000	0	17,465,000	105,000
Capital Appreciation Bonds	0	114,728	0	114,728	0
Accretion on Capital Appreciation Bonds	0	10,838	0	10,838	0
Unamortized Premium	0	780,116	0	780,116	0
Discount	0	(505,178)	0	(505,178)	0
Energy Conservation Improvement Refunding Bonds					
Series and Term Bonds	0	3,045,000	0	3,045,000	250,000
Unamortized Premium	0	36,587	0	36,587	0
Refunding Loss	0	(43,645)	0	(43,645)	0
<i>Total General Obligation Bonds</i>	<u>0</u>	<u>30,816,229</u>	<u>0</u>	<u>30,816,229</u>	<u>475,000</u>
Compensated Absences	<u>2,395,081</u>	<u>135,765</u>	<u>(361,069)</u>	<u>2,169,777</u>	<u>359,699</u>
<i>Total Governmental Activities</i>	<u>\$ 5,658,790</u>	<u>\$ 31,201,994</u>	<u>\$ (3,614,778)</u>	<u>\$ 33,246,006</u>	<u>\$ 898,699</u>

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**House Bill 264 Energy Conservation Bonds** During 2009, the School District issued \$3,800,000 of bonds for the purpose performing various upgrades to the buildings throughout the School District. These bonds were refunded in fiscal year 2013.

**Land Purchase Loan** During fiscal year 2003, the School District entered into a loan to purchase land adjacent to the high school for future expansion. The repayment is from the permanent improvement fund and subject to appropriations made by the School District's Board.

**Fisher-Titus Foundation Loan** During fiscal year 2013, the School District received land and a building located on Claremont Avenue. The School District plans to renovate the property for future use as central office and the transportation department. The property was owned jointly with half being donated to the School District. The School District agreed to pay the Fisher-Titus Foundation \$250,000 for the other half of the property.

**2013 Energy Conservation Improvement Refunding Bonds**

On June 26, 2013, the School District issued \$3,045,000 of general obligation serial bonds. The bonds refunded \$2,972,973 of outstanding Energy Conservation Bonds. The bonds were issued for a ten year period with final maturity at November 1, 2023. At the date of refunding, \$3,081,587 (including premium and after underwriting discount, and other issuance costs) was received to pay off old debt. As a result, \$2,972,973 of the Energy Conservation Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The balance of the defeased debt at June 30, 2013 was \$2,972,973.

These refunding bonds were issued with a premium of \$36,587, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$52,028 are reported as deferred charges and will be amortized over the life of the bonds using the straight-line method.

The School District refunded the Energy Conservation Bonds to save \$106,531 in total debt service payments over the next ten years.

**2013 Classroom Facilities and School Improvement Bonds – Series A**

On April 5, 2013, the School District issued \$9,890,000 of general obligation bonds, which included serial and term bonds in the amount of \$5,900,000, \$3,990,000, respectively. The bonds were issued for a thirty year period with final maturity on November 1, 2042.

These improvement bonds were issued with a premium of \$111,807, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$30,751 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The discount of \$89,024 will be amortized over the life of the bonds using the straight-line method.

The serial bonds were issued with varying interest rates of 1.50 to 4.00 percent. The term bonds were issued with varying interest rates of 3.50 to 4.00 percent.

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**2013 Classroom Facilities and School Improvement Bonds – Series B**

On April 22, 2013, the School District issued \$17,579,728 of general obligation bonds, which included serial, term and capital appreciation bonds in the amount of \$4,410,000, \$13,055,000 and \$114,728, respectively. The bonds were issued for a thirty-seven year period with final maturity on November 1, 2049.

These improvements bonds were issued with a premium of \$780,116, which is reported as an increase to bonds payable. The premium amount will be amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$154,958 are reported as deferred charges and will be amortized over the life of the bonds using the straight-line method. The bonds were issued at a discount of \$505,178 which is reported in the accompanying financial statements as a decrease to bonds payable and will be amortized over the life of the bonds using the straight-line method.

The \$17,579,728 bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 1.25 to 3.375 percent. The term bonds were issued with a varying interest rate of 3.00 to 4.00 percent.

The capital appreciation bonds will mature from November 1, 2017 to November 1, 2020. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$930,000. The fiscal year 2013 accretion amount was \$10,838.

Compensated absences are typically paid from the fund from which the employee is paid. In prior years this has primarily been the general fund.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2013 are as follows:

Fiscal Year	Land Purchase Loan		Fisher-Titus Foundation	Classroom Facilities Series and Term Bonds	
	Principal	Interest	Principal	Principal	Interest
2014	\$ 14,000	\$ 3,272	\$ 50,000	\$ 225,000	\$ 969,371
2015	15,000	2,396	50,000	470,000	932,513
2016	15,000	1,658	50,000	480,000	921,388
2017	16,000	862	50,000	490,000	910,318
2018	0	0	0	245,000	901,525
2019-2023	0	0	0	1,940,000	4,396,048
2024-2028	0	0	0	2,930,000	4,059,038
2029-2033	0	0	0	3,380,000	3,594,833
2034-2038	0	0	0	3,980,000	2,982,401
2039-2043	0	0	0	4,780,000	2,163,425
2044-2048	0	0	0	5,785,000	1,126,500
2049-2050	0	0	0	2,650,000	107,000
Total	\$ 60,000	\$ 8,188	\$ 200,000	\$ 27,355,000	\$23,064,360

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Fiscal Year	Classroom Facilities		Energy Conservation		Total	
	Capital Appreciation Bonds		Refunding Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2014	\$ 0	\$ 0	\$ 250,000	\$ 54,591	\$ 539,000	\$ 1,027,234
2015	0	0	260,000	61,138	795,000	996,047
2016	0	0	265,000	56,550	810,000	979,596
2017	0	0	265,000	52,575	821,000	963,755
2018	48,024	206,976	270,000	48,563	563,024	1,157,064
2019-2023	66,704	608,296	1,435,000	151,406	3,441,704	5,155,750
2024-2028	0	0	300,000	5,250	3,230,000	4,064,288
2029-2033	0	0	0	0	3,380,000	3,594,833
2034-2038	0	0	0	0	3,980,000	2,982,401
2039-2043	0	0	0	0	4,780,000	2,163,425
2044-2048	0	0	0	0	5,785,000	1,126,500
2049-2050	0	0	0	0	2,650,000	107,000
<b>Total</b>	<b>\$ 114,728</b>	<b>\$ 815,272</b>	<b>\$ 3,045,000</b>	<b>\$ 430,073</b>	<b>\$ 30,774,728</b>	<b>\$ 24,317,893</b>

**Note 13 – Notes Payable**

Note activity for the fiscal year ended June 30, 2013 consisted of the following:

	Outstanding 6/30/2012	Issued	Retired	Outstanding 6/30/2013
Bond Anticipation Notes .99% Maturity 4/11/2013	\$ 0	\$ 9,900,000	\$ 9,900,000	\$ 0
Bond Anticipation Notes 1.05% Maturity 4/26/2013	0	17,580,895	17,580,895	0
	<u>\$ 0</u>	<u>\$ 27,480,895</u>	<u>\$ 27,480,895</u>	<u>\$ 0</u>

The notes were backed by the full faith and credit of the School District. They were repaid with bond proceeds during fiscal year 2013.

**Note 14 – Interfund Transfers**

The bond retirement fund transferred \$4,750,000 and \$22,730,895 to the building fund and classroom facilities fund, respectively. These transfers were made for financial statement purposes only to accurately report the bond anticipation notes being repaid from the fund that received the note proceeds.

**Ashland City School District**  
**Ashland County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

**Note 15 - Jointly Governed Organization**

Tri-County Computer Service Association (TCCSA) is a jointly governed organization comprised of 23 school districts, created as a regional council of governments pursuant to State statute. 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 for member districts. Each of the governments of these districts support TCCSA based on a per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer of the Tri-County Education Service Center, located in Wooster, Ohio which serves as fiscal agent.

**Note 16 – Fund Balance**

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

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

	General	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Monies	\$ 14,656	\$ 0	\$ 0	\$ 14,656
Restricted for:				
Debt Service	0	0	957,564	957,564
Capital Outlay	0	22,587,062	5,170,618	27,757,680
Extracurricular Activities	0	0	283,842	283,842
State and Federal Programs	0	0	42,672	42,672
Other Purposes	0	0	159,174	159,174
<b>Total Restricted</b>	<b>0</b>	<b>22,587,062</b>	<b>6,613,870</b>	<b>29,200,932</b>
Assigned for:				
Encumbrances:				
Instruction	39,292	0	0	39,292
Support Services	170,574	0	0	170,574
Subsequent Year Appropriations	88,318	0	0	88,318
<b>Total Assigned</b>	<b>298,184</b>	<b>0</b>	<b>0</b>	<b>298,184</b>
Unassigned	4,246,676	0	(162,675)	4,084,001
<b>Total Fund Balances</b>	<b>\$ 4,559,516</b>	<b>\$ 22,587,062</b>	<b>\$ 6,451,195</b>	<b>\$ 33,597,773</b>

**Ashland City School District**  
**Ashland County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 17 - Set-Asides**

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

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

	Capital Improvements
Set-aside Reserve Balance as of June 30, 2012	\$ 0
Current Year Set-aside Requirement	569,303
Current Year Offsets	(641,509)
Totals	\$ (72,206)
Balance Carried Forward to Fiscal Year 2014	\$ 0
Set-aside Reserve Balance as of June 30, 2013	\$ 0

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

**Note 18 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

**B. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

**C. Encumbrance Commitments**

Outstanding encumbrances for governmental funds include \$211,841 in the general fund, \$43,379 in the classroom facilities fund and \$387,146 in the non-major governmental funds.

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**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Grant Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non - Cash Assistance (Food Distribution):				
National School Lunch Program	10.555		\$ 58,124	\$ 58,124
Cash Assistance:				
School Breakfast Program	10.553		249,131	249,131
National School Lunch Program	10.555		634,860	634,860
Cash Assistance Subtotal:			<u>883,991</u>	<u>883,991</u>
Total Child Nutrition Cluster			<u>942,115</u>	<u>942,115</u>
 Fruit and Vegetable Program	 10.582		 17,611	 17,611
<b>Total U.S. Department of Agriculture</b>			<b><u>959,726</u></b>	<b><u>959,726</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010		1,159,269	1,118,637
Special Education_Grants to States	84.027		692,105	714,024
Improving Teacher Quality State Grants	84.367		120,525	137,984
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395		5,950	5,600
Rural and Low-Income	84.358		34,887	34,773
Total Passed Through Ohio Department of Education			<u>2,012,736</u>	<u>2,011,018</u>
<b>Direct Awards</b>				
Ashland Fitness Technology Based Education Revolution Initiative - Title VD	84.215F	Q215F100260-2012	52,354	53,422
Ashland Fitness Technology Based Education Revolution Initiative - Title VD	84.215F	Q215F100260-2013	197,917	186,014
Total Direct Awards			<u>250,271</u>	<u>239,436</u>
<b>Total U.S. Department of Education</b>			<b><u>2,263,007</u></b>	<b><u>2,250,454</u></b>
<b>Total</b>			<b><u>\$ 3,222,733</u></b>	<b><u>\$ 3,210,180</u></b>

The accompanying notes are an integral part of this schedule.

**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Ashland City 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 program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Ashland City School District  
Ashland County  
416 Arthur Street  
Ashland, Ohio 44805

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland City School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 28, 2014.

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***District's Response to Finding***

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

***Purpose of this Report***

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



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

April 28, 2014



# 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

Ashland City School District  
Ashland County  
416 Arthur Street  
Ashland, Ohio 44805

To the Board of Education:

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

We have audited the Ashland City School District's, Ashland County, Ohio (the District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. 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 programs.

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

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

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

### ***Opinion on the Major Federal Program***

In our opinion, Ashland City School District, Ashland County, Ohio 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, 2013.

### ***Opinion on the Major Federal Program***

In our opinion, Ashland City School District, Ashland County, Ohio 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, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as items 2013-002 and 2013-003. These findings did not require us to modify our compliance opinion on each major federal program.

The District's responses to our noncompliance findings are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

### ***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 Government's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-003 to be a significant deficiency.

The District's responses to the internal control over the compliance findings we identified are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.

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

April 28, 2014

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**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

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

**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2013-001**

**Public Money Illegally Expended – Finding for Recovery – Repaid Under Audit**

On April 23, 2012, Martha Crone signed a Teacher's Contract effective July 1, 2012 through June 30, 2017. Under this contract, she would be subject to the Master Agreement between the Ashland City Board of Education and Ashland City Teachers Association, which indicates in Article IX, section A.8, "The Board herewith agrees to pick-up (assume and pay) premiums to STRS on behalf of the members in the bargaining unit under the following terms and conditions: An amount shall be picked up and paid on behalf of each member equal to five percent of the member's compensation without reduction or deduction from the member's gross salary." However, the Board pick-up of STRS for Ms. Crone was actually 10% resulting in an overpayment of \$3,287.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a finding for recovery for public money illegally expended is hereby issued against Martha Crone in the amount of \$3,287 and in favor of the District's General Fund.

On April 25, 2014, \$3,287 had been repaid by Martha Crone to the District's General Fund.

**Officials' Response:**

Martha Crone served as the Lincoln Elementary Principal during the 2011-2012 school year prior to its closing. She assisted in the administrative activities involved in closing down the building and assumed a teaching position at the beginning of the next school year. During the same period, the Central Office was experiencing higher levels of turnover, and the failure to change the standing data in the accounting software resulted in the overpayment. The Treasurer is working closely with the Payroll Processor to ensure errors like this do not happen again.

**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

**Title I - Procurement and Suspension and Debarment**

<b>Finding Number</b>	Finding 2013-002
<b>CFDA Title and Number</b>	Title I Local Grants to Educational Agencies, # 84.010
<b>Federal Award Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance / Material Weakness**

**2 CFR Part 180.300** indicates when you enter into a covered transaction with another person at the next lower tier, you must verify the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM (System for Award Management); or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

The District had Title I grant contracts which did not include documentation the SAM system was searched, the collection of a certification, or the addition of a clause or condition to the contract indicating the entity was not excluded or disqualified. The subsequent search of the SAM system did not result in any matches for these contracts.

The District should implement procedures to ensure one of the three aforementioned methods is used to verify the entity is not excluded or disqualified. In addition, if the District checks the SAM website, a search print out should be maintained to document the search had been performed.

**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**Title I - Allowable Costs**

<b>Finding Number</b>	2013-003
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies, CFDA # 84.010
<b>Federal Award Number / Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance / Significant Deficiency**

2 CFR Part 225, Appendix B Section 8(h) provides, in part, that salaries and wages shall be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. When employees work on multiple activities or cost objectives, a distribution of compensation shall be supported by personnel activity reports that reflect the actual activity and total activity of the employees, unless certain time study requirements are met. An employee whose compensation is allocated solely to a single cost objective must furnish semiannual certificates that he/she has been engaged solely in activities supportive of the cost objectives.

In fiscal year 2013, five employees paid from the Title I grant did not complete and maintain one of the semi-annual certifications stating that they worked solely on the grant. These expenditures were determined to be allowable per the grant agreement based on the employee's position within the District.

We recommend the District maintain personnel activity reports that reflect an after the fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, and contain a certification signature of the grant coordinator and employee. These personnel activity reports should be completed semi- annually for employees that are paid solely from a single Federal grant and/or cost objective and should be completed on at least a monthly basis and coincide with one or more pay periods and/or for those employees who receive less than 100% of their compensation from a single Federal grant cost objective. These records should then be used to adjust budgeted grant costs to actual grant costs on at least a quarterly basis. We further recommend an effective system of reconciling the personnel activity reports with the actual payroll costs charged to each Federal grant cost and cost objective to ensure the completeness and accuracy of charges made to each program by the grant coordinators.

**ASHLAND CITY SCHOOL DISTRICT  
ASHLAND COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-002	The SAM (System for Award Management) will be reviewed and the verification will be printed and maintained with the requisition.	Completed	All secretarial staff that generate requisitions
2013-003	The Semi-Annual Certificates will be completed as directed by 2 CFR Part 225, Appendix B Section 8(h).	Completed	Curriculum Director

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Ashland City School District  
Ashland County  
416 Arthur Street  
Ashland, Ohio 44805

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Ashland City School District, Ashland County, Ohio, (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on February 28, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

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

April 28, 2014

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# Dave Yost • Auditor of State

**ASHLAND CITY SCHOOL DISTRICT**

**ASHLAND 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  
MAY 27, 2014**