



Dave Yost • Auditor of State

OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Oak Hill Union Local School District
Jackson County
205 Western Avenue
Oak Hill, Ohio 45656

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 Oak Hill Union Local School District, Jackson County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2015

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Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of Oak Hill Union Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

HIGHLIGHTS

Key financial highlights for the fiscal year 2014 are as follows:

- Net position of governmental activities increased \$73,394.
- General cash receipts accounted for \$10,873,183 or 78 percent of all cash receipts. Program cash receipts in the form of charges for services and sales, grants, and contributions, accounted for \$3,039,619 or 22 percent of total cash receipts of \$13,912,802.
- The District had \$13,839,408 in cash disbursements related to governmental activities; of these cash disbursements, only \$3,039,619 was offset by program specific charges for services and sales, grants, and contributions.

USING THE BASIC FINANCIAL STATEMENTS

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

REPORT COMPONENTS

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

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the District as a way to segregate money whose use is restricted to a particular purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

BASIS OF ACCOUNTING

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the District did financially during 2014, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the state share building fund expenses capital projects fund.

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance educational programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements in the section entitled government-wide financial statements.

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. The District's fiduciary funds are an agency fund which is used to maintain financial activity of the District's student managed activities and a private purpose trust fund which is used to maintain activity for scholarship funds. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals and are therefore not available to support the District's own programs. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

THE DISTRICT AS A WHOLE

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2014 compared to 2013.

Table 1
Net Position

	Governmental Activities	
	2014	2013
Assets		
Equity in Pooled Cash and Cash Equivalents	\$12,925,253	\$12,851,859
<i>Total Assets</i>	12,925,253	12,851,859
Net Position		
Restricted	3,908,736	4,031,734
Unrestricted	9,016,517	8,820,125
<i>Total Net Position</i>	\$12,925,253	\$12,851,859

Total assets and net position of the District as a whole increased \$73,394. This increase is primarily the result of cash receipts in excess of cash disbursements, which will be further discussed under Table 2.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	2013
Cash Receipts		
Program Cash Receipts:		
Charges for Services and Sales	\$952,767	\$931,933
Operating Grants and Contributions	2,082,996	2,000,044
Capital Grants and Contributions	3,856	0
Total Program Cash Receipts	3,039,619	2,931,977
General Cash Receipts:		
Property Taxes	2,302,511	2,341,132
Grants and Entitlements, Not Restricted to Specific Programs	8,468,277	8,404,001
Investment Earnings	38,548	62,799
Gifts and Donations, Not Restricted to Specific Programs	0	450
Proceeds from Sale of Capital Assets	0	83,000
Miscellaneous	63,847	9,379
Total General Cash Receipts	10,873,183	10,900,761
<i>Total Cash Receipts.</i>	13,912,802	13,832,738

Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2
Changes in Net Position
(Continued)

	Governmental Activities	
	2014	2013
Program Cash Disbursements		
Instruction:		
Regular	\$5,624,437	\$5,899,398
Special	1,709,154	1,003,625
Vocational	93,772	93,949
Other	126,214	116,650
Support Services:		
Pupils	538,971	533,172
Instructional Staff	316,256	570,063
Board of Education	44,257	41,024
Administration	929,945	895,015
Fiscal	363,568	367,875
Operation and Maintenance of Plant	1,115,222	1,088,698
Pupil Transportation	1,088,668	1,087,446
Central	180,848	136,551
Operation of Non-Instructional Services	559,347	558,423
Extracurricular Activities	352,491	400,287
Capital Outlay	516,858	202,146
Debt Service:		
Principal	205,000	200,000
Interest and Fiscal Charges	74,400	80,400
<i>Total Cash Disbursements</i>	13,839,408	13,274,722
<i>Change in Net Position</i>	73,394	558,016
<i>Net Position, Beginning of Year</i>	12,851,859	12,293,843
<i>Net Position, End of Year</i>	\$12,925,253	\$12,851,859

Cash receipts increased \$80,064. The most significant increase in cash receipts was in operating grants and contributions due to the District receiving more State funding for special education programs in 2014 than in the prior year.

Overall, cash disbursements increased \$564,686. Capital outlay increased due to significant progress on the baseball field project during 2014. Special instruction increased significantly due to the State's revised funding model for 2014 resulting in significant allocations for special education funding.

The statement of activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
Program Cash Disbursements				
Instruction:				
Regular	\$5,624,437	\$5,108,872	\$5,899,398	\$5,062,386
Special	1,709,154	364,765	1,003,625	797,621
Vocational	93,772	75,513	93,949	88,704
Other	126,214	64,256	116,650	75,275
Support Services:				
Pupils	538,971	411,568	533,172	430,679
Instructional Staff	316,256	274,913	570,063	479,787
Board of Education	44,257	41,706	41,024	38,734
Administration	929,945	876,834	895,015	842,013
Fiscal	363,568	343,430	367,875	346,965
Operation and Maintenance of Plant	1,115,222	1,052,398	1,088,698	578,561
Pupil Transportation	1,088,668	1,007,920	1,087,446	1,007,664
Central	180,848	170,423	136,551	128,927
Operation of Non-Instructional Services	559,347	79,394	558,423	37,074
Extracurricular Activities	352,491	135,395	400,287	(46,583)
Capital Outlay	516,858	513,002	202,146	194,538
Debt Service:				
Principal	205,000	205,000	200,000	200,000
Interest and Fiscal Charges	74,400	74,400	80,400	80,400
<i>Total</i>	<u>\$13,839,408</u>	<u>\$10,799,789</u>	<u>\$13,274,722</u>	<u>\$10,342,745</u>

THE DISTRICT FUNDS

The District's governmental funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$14,481,081 and cash disbursements and other financing uses of \$14,407,687.

The District's general fund cash fund balance increased by \$196,392 due primarily to an increase in special education program funding. This was partially offset by an increase in related special instruction disbursements and also for reallocation of regular instruction disbursements from other funds due to decreases in other grant funding.

The District's state share building fund expenses capital projects fund cash fund balance decreased \$25,517 due to an increase in capital outlay disbursements.

General Fund Budgeting Highlights

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

During 2014, revisions were made to the general fund budget. Receipts and other financing sources increased by \$709,001 from the original to final budget primarily due to intergovernmental receipts that were higher than anticipated.

Oak Hill Union Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Appropriations increased by \$387,303 from the original to final budget primarily due to increases in anticipated disbursements for regular and special instruction. The general fund's ending unobligated cash balance was \$7,469,882.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$516,858 during fiscal year 2014.

Debt

Under the cash basis of accounting, the District does not report bonds in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds. At June 30, 2014, the District had \$2,029,364 in bonds for governmental activities, including \$139,364 in accretion on capital appreciation bonds. Table 4 summarizes bonds outstanding for governmental activities for the past two years:

Table 4
Outstanding Debt at June 30
Governmental Activities

	2014	2013
2006 Classroom Facilities Refunding	\$1,890,000	\$1,925,000
2006 Classroom Facilities Refunding Accretion	139,364	242,524
<i>Total Net Position</i>	<u>\$2,029,364</u>	<u>\$2,167,524</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rhonda Harrison, Treasurer at Oak Hill Union Local School District, 205 Western Avenue, Oak Hill, Ohio 45656.

Oak Hill Union Local School District
Statement of Net Position - Cash Basis
As of June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$12,925,253</u>
<i>Total Assets</i>	12,925,253
Net Position	
Restricted for Debt Service	1,064,029
Restricted for Capital Outlay	2,316,191
Restricted for Food Service Operations	27,719
Restricted for Classroom Facilities Maintenance	414,678
Restricted for Other Purposes	86,119
Unrestricted	<u>9,016,517</u>
<i>Total Net Position</i>	<u><u>\$12,925,253</u></u>

The notes to the basic financial statements are an integral part of this statement

Oak Hill Union Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction:					
Regular	\$5,624,437	\$339,324	\$176,241	\$0	(\$5,108,872)
Special	1,709,154	57,222	1,287,167	0	(364,765)
Vocational	93,772	5,406	12,853	0	(75,513)
Other	126,214	3,905	58,053	0	(64,256)
Support Services:					
Pupils	538,971	27,125	100,278	0	(411,568)
Instructional Staff	316,256	16,750	24,593	0	(274,913)
Board of Education	44,257	2,551	0	0	(41,706)
Administration	929,945	48,453	4,658	0	(876,834)
Fiscal	363,568	20,138	0	0	(343,430)
Operation and Maintenance of Plant	1,115,222	62,798	26	0	(1,052,398)
Pupil Transportation	1,088,668	61,648	19,100	0	(1,007,920)
Central	180,848	10,425	0	0	(170,423)
Operation of Non-Instructional Services	559,347	79,926	400,027	0	(79,394)
Extracurricular Activities	352,491	217,096	0	0	(135,395)
Capital Outlay	516,858	0	0	3,856	(513,002)
Debt Service:					
Principal	205,000	0	0	0	(205,000)
Interest and Fiscal Charges	74,400	0	0	0	(74,400)
<i>Total Governmental Activities</i>	<u>\$13,839,408</u>	<u>\$952,767</u>	<u>\$2,082,996</u>	<u>\$3,856</u>	<u>(10,799,789)</u>

General Cash Receipts

Property Taxes Levied for:	
General Purposes	1,978,891
Other Purposes	38,591
Debt Service	285,029
Grants and Entitlements,	
Not Restricted for Specific Programs	8,468,277
Investment Earnings	38,548
Miscellaneous	63,847
<i>Total General Cash Receipts</i>	<u>10,873,183</u>
<i>Change in Net Position</i>	73,394
<i>Net Position Beginning of Year</i>	<u>12,851,859</u>
<i>Net Position End of Year</i>	<u><u>\$12,925,253</u></u>

The notes to the basic financial statements are an integral part of this statement

Oak Hill Union Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of June 30, 2014

	General	State Share Building Fund Expenses	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,016,517	\$1,415,840	\$2,492,896	\$12,925,253
<i>Total Assets</i>	<u>\$9,016,517</u>	<u>\$1,415,840</u>	<u>\$2,492,896</u>	<u>\$12,925,253</u>
Fund Balances				
Restricted	\$0	\$1,415,840	\$2,476,819	\$3,892,659
Committed	1,458,154	0	16,077	1,474,231
Assigned	88,481	0	0	88,481
Unassigned	7,469,882	0	0	7,469,882
<i>Total Fund Balances</i>	<u>\$9,016,517</u>	<u>\$1,415,840</u>	<u>\$2,492,896</u>	<u>\$12,925,253</u>

The notes to the basic financial statements are an integral part of this statement.

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

	General	State Share Building Fund Expenses	Other Governmental Funds	Total Governmental Funds
Cash Receipts				
Property Taxes	\$1,978,891	\$0	\$323,620	\$2,302,511
Intergovernmental	8,972,203	0	1,575,314	10,547,517
Interest	34,203	4,233	112	38,548
Tuition and Fees	627,301	0	627	627,928
Extracurricular Activities	35,594	0	209,319	244,913
Gifts and Donations	3,756	0	3,856	7,612
Customer Sales and Services	0	0	79,926	79,926
Miscellaneous	62,374	0	1,473	63,847
<i>Total Cash Receipts</i>	11,714,322	4,233	2,194,247	13,912,802
Cash Disbursements				
Current:				
Instruction:				
Regular	5,419,476	0	204,961	5,624,437
Special	992,650	0	716,504	1,709,154
Vocational	93,772	0	0	93,772
Other	67,739	0	58,475	126,214
Support Services:				
Pupils	438,741	0	100,230	538,971
Instructional Staff	290,571	0	25,685	316,256
Board of Education	44,257	0	0	44,257
Administration	925,253	0	4,692	929,945
Fiscal	349,347	0	14,221	363,568
Operation and Maintenance of Plant	1,085,222	0	30,000	1,115,222
Pupil Transportation	1,069,429	0	19,239	1,088,668
Central	180,848	0	0	180,848
Operation of Non-Instructional Services	0	0	559,347	559,347
Extracurricular Activities	134,912	0	217,579	352,491
Capital Outlay	21,084	29,750	466,024	516,858
Debt Service:				
Principal	0	0	205,000	205,000
Interest and Fiscal Charges	0	0	74,400	74,400
<i>Total Cash Disbursements</i>	11,113,301	29,750	2,696,357	13,839,408
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	601,021	(25,517)	(502,110)	73,394
Other Financing Sources (Uses)				
Transfers In	0	0	375,000	375,000
Advances In	81,825	0	111,454	193,279
Transfers Out	(375,000)	0	0	(375,000)
Advances Out	(111,454)	0	(81,825)	(193,279)
<i>Total Other Financing Sources (Uses)</i>	(404,629)	0	404,629	0
<i>Net Change in Fund Balances</i>	196,392	(25,517)	(97,481)	73,394
<i>Fund Balance Beginning of Year</i>	8,820,125	1,441,357	2,590,377	12,851,859
<i>Fund Balance End of Year</i>	\$9,016,517	\$1,415,840	\$2,492,896	\$12,925,253

The notes to the basic financial statements are an integral part of this statement.

Oak Hill Union Local School District
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget (Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Total Receipts and Other Financing Sources	\$11,047,796	\$11,756,797	\$11,756,797	\$0
Total Disbursements and Other Financing Uses	11,359,057	11,746,360	11,746,360	0
<i>Net Change in Fund Balance</i>	(311,261)	10,437	10,437	0
<i>Fund Balance Beginning of Year</i>	7,394,208	7,394,208	7,394,208	0
<i>Prior Year Encumbrances Appropriated</i>	65,237	65,237	65,237	0
<i>Fund Balance End of Year</i>	<u>\$7,148,184</u>	<u>\$7,469,882</u>	<u>\$7,469,882</u>	<u>\$0</u>

The notes to the basic financial statements are an integral part of this statement.

Oak Hill Union Local School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
As of June 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$479,131</u>	<u>\$37,079</u>
<i>Total Assets</i>	<u><u>\$479,131</u></u>	<u><u>\$37,079</u></u>
Net Position		
Held in Trust for Scholarships	\$479,131	\$0
Unrestricted	<u>0</u>	<u>37,079</u>
<i>Total Net Position</i>	<u><u>\$479,131</u></u>	<u><u>\$37,079</u></u>

The notes to the basic financial statements are an integral part of this statement.

Oak Hill Union Local School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Fund
Additions	
Gifts and Contributions	\$8,651
Interest	1,393
<i>Total Additions</i>	10,044
Deductions	
Payments in Accordance with Trust Agreements	15,400
<i>Total Deductions</i>	15,400
<i>Change in Net Position</i>	(5,356)
<i>Net Position Beginning of Year</i>	484,487
<i>Net Position End of Year</i>	\$479,131

The notes to the basic financial statements are an integral part of this statement.

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NOTE 1 – SUMMARY OF THE DISTRICT AND REPORTING ENTITY

Description of the Entity

Oak Hill Union Local School District, Jackson County, Ohio (the District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state and/or local guidelines.

The District is staffed by 85 certificated employees, 54 non-certificated employees, and 7 administrators who provide services to 1,260 students.

Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. There are no component units of the District. The District is associated with the Gallia-Jackson-Vinton Joint Vocational School District and the South Central Ohio Computer Association Council of Governments, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 10 and 11.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The following are the District's major governmental funds:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

State Share Building Fund Expenses Capital Projects Fund – The state share building fund expenses capital projects fund accounts for monies received and expended in connection with contracts entered into by the District and the Ohio School Facilities Commission for the construction and equipping of buildings. The major source of receipts for this fund in years past was grant monies received from the Ohio School Facilities Commission. This fund received interest earnings on cash balances as its sole source of receipts in fiscal year 2014.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The District has two fiduciary funds: a private purpose trust fund used to account for college scholarship donations and an agency fund used to account for student activity programs.

Basis of Presentation

The District uses the provisions of GASB 34, for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The 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 that 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position-cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the District chooses to prepare its financial statements in accordance with the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Cash Receipts – Exchange and Non-Exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

All funds, other than the agency fund, 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 disbursements 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. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the total of fund cash balances of all funds as of June 30, 2014. District funds are maintained in three checking accounts. Individual fund balance integrity is maintained through the District's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the general fund except those specifically related to those funds deemed appropriate according to the School Board's policy. For fiscal year 2014, interest receipts amounted to \$39,941 of which \$34,203 was recorded in the general fund, \$4,233 was recorded in the state share building fund expenses fund, \$112 was recorded in the food service non-major special revenue fund and \$1,393 was recorded in the private purpose trust fund.

Capital Assets and Depreciation

Capital assets acquired or constructed for the District are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported on the basic financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid. Long-term obligations are not recorded as liabilities in the basic financial statements under the cash basis of accounting.

Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education.

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 District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net cash position represents the cash assets held by the District at year end. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net position restricted for state and federal programs. The District applies restricted resources first when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available. As of June 30, 2014, of the District's \$3,908,736 in restricted net position, none was restricted by enabling legislation.

Interfund Transactions

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of 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. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. The District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

At June 30, 2014, the District's bank balance of \$13,722,354 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

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 receipts, disbursements and changes in fund balance – budget (budgetary basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The following table summarizes the adjustments necessary to reconcile the cash basis and the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	General Fund
Cash Basis (as Reported)	<u>\$196,392</u>
Perspective Difference:	
Activity of Funds Reclassified for Cash Reporting Purposes	(79,145)
Encumbrances	<u>(106,810)</u>
Budget Basis	<u>\$10,437</u>

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 4- BUDGETARY BASIS FUND BALANCES (Continued)

As a part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," certain funds that are legally budgeted in special revenue funds are considered part of the general fund on a cash basis. This includes the public school support and severance funds. These funds were excluded from the budgetary presentation for the general fund.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property tax receipts received in calendar year 2014 represent collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, 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 semi-annually, 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 receipts received in calendar year 2014 represent collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 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.

The Jackson and Lawrence County Treasurers collect property taxes on behalf of all taxing districts within the Counties. The Jackson and Lawrence County Auditors periodically remit to the taxing districts their portion of the taxes collected.

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$77,772,770	76.41%	\$80,460,400	74.40%
Public Utility	24,015,030	23.59%	27,681,530	25.60%
Total Assessed Value	<u>\$101,787,800</u>	<u>100.00%</u>	<u>\$108,141,930</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$23.83		\$22.02	

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - DEBT OBLIGATIONS

The District's long-term obligations at June 30, 2014 were as follows:

	Beginning Balance June 30, 2013	Additions	Payments	Ending Balance June 30, 2014	Due in One Year
2006 Classroom Facilities Refunding:					
Current Interest, 4.00%	\$1,340,000	\$0	\$0	\$1,340,000	\$0
Term, 4.00%	520,000	0	0	520,000	0
Capital Appreciation	65,000	0	35,000	30,000	30,000
Accretion	242,524	66,840	170,000	139,364	175,000
Total	\$2,167,524	\$66,840	\$205,000	\$2,029,364	\$205,000

On December 27, 1999, the District issued \$3,677,000 in voted general obligation bonds for constructing, renovating, and adding to buildings; furnishing and equipping such buildings; and improving District sites. The debt will be repaid from the debt service fund. On October 11, 2006, the District issued \$2,185,000 in classroom facilities general obligation refunding bonds with an interest rate of 4.00 percent and will mature in 2022. The proceeds were used to defease a large portion of the 1999 classroom facilities general obligation bonds. \$65,000 of the refunding bonds was capital appreciation bonds. The capital appreciation bonds will mature in fiscal years 2014 and 2015. The maturity amounts of the capital appreciation bonds are \$205,000 in fiscal year 2014 and \$205,000 in fiscal year 2015, for a total of \$410,000. The debt is being repaid from the debt service fund.

The annual requirements to amortize debt outstanding as of June 30, 2014 are as follows:

Year Ending June 30	2006 Classroom Facilities Refunding		Capital Appreciation Bonds Accreted	Total
	Principal	Interest	Principal	
2015	\$0	\$74,400	\$205,000	\$279,400
2016	205,000	74,400	0	279,400
2017	210,000	66,200	0	276,200
2018	220,000	57,800	0	277,800
2019	225,000	49,000	0	274,000
2020-2023	1,000,000	102,000	0	1,102,000
Total	\$1,860,000	\$423,800	\$205,000	\$2,488,800

The District's overall legal debt margin was \$8,906,804 with an unvoted debt margin of \$108,142 at June 30, 2014.

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the District contracted with the Ohio School Plan (OSP) for property and various other insurance coverages.

NOTE 7 – RISK MANAGEMENT (Continued)

General liability is protected by OSP with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate with no deductible. Vehicle and property coverages are also provided by OSP. Vehicle liability had a \$2,000,000 combined single limit of liability. Property insurance had a \$33,278,688 limit. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years. The District changed insurance companies effective July 1, 2013 and reviewed and modified its various coverages as deemed appropriate.

For fiscal year 2014, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 11). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The 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 on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$228,546, \$233,424, and \$223,104, respectively, which equaled the required annual contributions for each year.

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. 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.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1 percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3 percent of the original base amount for DB Plan participants.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers.

For the fiscal years ended June 30, 2014, 2013, and 2012, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$645,183, \$734,796, and \$712,488, respectively, which were equal to the required amounts for those years.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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 the option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, two members of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 9 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 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 premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2014, 2013, and 2012, the actuarially required allocations were 0.76 percent, 0.74 percent, and 0.75 percent, respectively. For the District, contributions for the years ended June 30, 2014, 2013, and 2012, were \$13,259, \$12,338, and \$11,952, which equaled the required contributions for those years.

Health Care Plan

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

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal years ended June 30, 2014, 2013, and 2012, the health care allocations were 0.14 percent, 0.16 percent, and 0.55 percent, respectively. 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the District, the amounts assigned to health care, for the fiscal years ended June 30, 2014, 2013, and 2012 were \$26,916, \$23,193, and \$36,899, respectively, which is equal to the required amounts for those years.

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

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

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013, and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the District, these amounts equaled \$49,629, \$52,485, and \$50,892 for fiscal years 2014, 2013, and 2012, respectively, which is equal to the required amounts for those years.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association Council of Governments

The District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 59 public education entities, non-public education entities, and public libraries from 11 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The District paid SCOCA COG \$158,224 for services provided during the year. Financial information for SCOCA COG can be obtained from their fiscal office located at Pike County Career Technology Center, P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Gallia-Jackson-Vinton Joint Vocational School District

The Gallia-Jackson-Vinton Joint Vocational School (Joint Vocational School) is a jointly governed organization providing vocational services to its six participating school districts. The Joint Vocational School is governed by a Board of Education comprised of nine members appointed by the participating schools. The board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Joint Vocational School is not dependent on the District's continued participation and no equity interest exists. To obtain financial information, write to the Gallia-Jackson-Vinton Joint Vocational School, P.O. Box 157, Rio Grande, Ohio 45674.

NOTE 11 – INSURANCE PURCHASING POOL

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program

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

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 12 – STATUTORY SET-ASIDES

The District is required by state law 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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The following information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by the state.

	Capital Acquisition
Set-Aside Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	225,607
Current Year Offsets	(81,821)
Qualifying Disbursements	(110,653)
Prior Year Offsets	(33,133)
Set-Aside Balance Carried Forward to Further Fiscal Years	\$0
Set-Aside Balance as of June 30, 2014	\$0

The District had offsets during the year that reduced the set-aside amount to zero in the capital acquisition set-aside. The carryover amount in the capital acquisition set-aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,699,460 at June 30, 2014.

NOTE 13 – CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

Litigation

The District is party to legal proceedings. However, management is of the opinion that the ultimate disposition of those proceedings will not have a material adverse implication on the District's financial position.

NOTE 14 – INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2014 were as follows:

	Transfers In	Transfers Out
Major Fund	\$0	\$375,000
General		
Non-Major Fund		
Permanent Improvement	375,000	0
<i>Total</i>	\$375,000	\$375,000

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 – INTERFUND ACTIVITY (Continued)

Transfers were made from the general fund to the permanent improvement non-major capital projects fund to provide funds for ongoing projects.

Interfund Advances

Advances made during the year ended June 30, 2014 were as follows:

	Advance In	Advance Out
Major Fund	\$81,825	\$111,454
General		
Non-Major Funds		
Early Childhood	9,843	9,621
Advance Placement Network	1,578	0
IDEA B	22,126	22,686
Title I	47,389	43,071
Preschool	604	0
Title II-A	6,566	6,447
Rural Education	23,348	0
<i>Total Non-Major Funds</i>	111,454	81,825
<i>Total</i>	\$193,279	\$193,279

Advances made from the general fund to various non-major special revenue funds are to provide temporary cash until grants are received. Advances from various non-major special revenue funds to the general fund are to repay advances from the prior year.

NOTE 15 – COMPLIANCE

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is not in compliance with Ohio law.

NOTE 16 - FUND BALANCES

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

Oak Hill Union Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 16 - FUND BALANCES (Continued)

	General	State Share Building Fund Expenses	Non-Major Governmental Funds	Total Governmental Funds
Restricted for				
Food Service Operations	\$0	\$0	\$27,719	\$27,719
Other Purposes	0	0	7,159	7,159
Construction	0	1,415,840	124,324	1,540,164
Classroom Facilities	0	0	414,678	414,678
District Managed Activities	0	0	78,960	78,960
Debt Service Payments	0	0	1,064,029	1,064,029
Capital Projects	0	0	759,950	759,950
<i>Total Restricted</i>	0	1,415,840	2,476,819	3,892,659
Committed to				
Capital Projects	0	0	16,077	16,077
Severance Payments	1,390,959	0	0	1,390,959
Other Purposes	67,195	0	0	67,195
<i>Total Committed</i>	1,458,154	0	16,077	1,474,231
Assigned to				
Public School Support	48,866	0	0	48,866
Other Purposes	39,615	0	0	39,615
<i>Total Assigned</i>	88,481	0	0	88,481
Unassigned	7,469,882	0	0	7,469,882
<i>Total Fund Balances</i>	<u>\$9,016,517</u>	<u>\$1,415,840</u>	<u>\$2,492,896</u>	<u>\$12,925,253</u>

NOTE 17 – CONSTRUCTION COMMITMENT

The District had an asphalt paving contract with Shelly & Sands in the amount of \$39,600 outstanding at June 30, 2014.

NOTE 18 – ENCUMBRANCE COMMITMENTS

At June 30, 2014, the District had encumbrance commitments in the governmental funds as follows:

Major Fund	
General	\$106,926
Non-Major Funds	
Food Service	209
Athletics	23,765
<i>Total Non-Major Funds</i>	<u>23,974</u>
<i>Total</i>	<u><u>\$130,900</u></u>

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**OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$ 4,504	\$ 4,504
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	137,105	137,105
National School Lunch Program	2013/2014	10.555	254,749	254,749
Cash Assistance Subtotal			<u>391,854</u>	<u>391,854</u>
Total Child Nutrition Cluster			396,358	396,358
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I:				
Title I Grants to Local Educational Agencies	2013	84.010	108,833	65,761
Title I Grants to Local Educational Agencies	2014	84.010	484,624	532,014
Total Title I			<u>593,457</u>	<u>597,775</u>
Special Education Cluster:				
Special Education - Grants to States	2013	84.027	55,859	55,859
	2014	84.027	212,005	234,131
Total Special Education - Grants to State			<u>267,864</u>	<u>289,990</u>
Special Education - Preschool Grants	2014	84.173	603	1,207
Total Special Education - Preschool Grants			<u>603</u>	<u>1,207</u>
Total Special Education Cluster			268,467	291,197
Rural Education	2014	84.358	18,950	42,298
Improving Teacher Quality State Grants	2013	84.367	16,118	9,671
	2014	84.367	62,374	68,940
Total Improving Teacher Quality State Grants			<u>78,492</u>	<u>78,611</u>
ARRA - Race to the Top	2014	84.395	7,950	9,528
Total U.S. Department of Education			<u>967,316</u>	<u>1,019,409</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,363,674</u>	<u>\$ 1,415,767</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Oak Hill Union Local School District
Jackson County
205 Western Avenue
Oak Hill, Ohio 45656

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 Oak Hill Union Local School District, Jackson County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 3, 2015, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Entity's Response to Finding

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2015



Dave Yost • Auditor of State

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

Oak Hill Union Local School District
Jackson County
205 Western Avenue
Oak Hill, Ohio 45656

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2015

**OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster CFDA – #10.553 & #10.555 • Title I Grants to Local Educational Agencies CFDA – #84.010 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 117-2-03(B) requires the District to file its annual financial report pursuant to generally accepted accounting principles. However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY

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

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

FINDING NUMBER 2014-001 (Continued)

Noncompliance – Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) (Continued)

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

Officials' Response:

District officials do not believe that preparing financial statements in accordance with generally accepted accounting principles is cost-beneficial.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2013-001	Noncompliance with Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – Annual Financial Report not presented in accordance with generally accepted accounting principles	No	Not Corrected. Reissued as Finding Number 2014-001