



Dave Yost • Auditor of State

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Preble Shawnee Local School District
Preble County
124 Bloomfield Street
Camden, Ohio 45311

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 Preble Shawnee Local School District, Preble County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Preble Shawnee Local School District, Preble County, Ohio, as of June 30, 2013, and the respective changes in modified 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 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2013, the District adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62." We did not modify our opinion regarding these matters.

Other Matters

Supplemental and Other Information

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

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

The Schedule of Federal Award Receipts and Expenditures 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 October 24, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

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**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of Preble Shawnee Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- The overall staffing levels of the School District were decreased by 13 during fiscal year 2013.
- Additionally employees switched to a new healthcare plan that has a lower premium rate. This assisted in reducing expenditures for fiscal year 2013.
- Intergovernmental revenue decreased due to the end of the Education Jobs Grant in fiscal year 2012.

Using this Annual Financial Report

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

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified 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 explanations and details regarding the information reported in the statements.

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities – Modified Cash Basis

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2013, within the limitations of the modified cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program cash receipts for each governmental program. Program cash 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 cash receipts identifies how each governmental program draws from the School District's general receipts.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General and Bond Retirement Funds.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

The School District as a Whole

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

Table 1			
Net Position			
	2013	2012	Change
Assets:			
Current and Other Assets	\$10,974,335	\$ 9,900,301	\$1,074,034
Capital Assets	7,017,692	7,353,607	(335,915)
Total Assets	17,992,027	17,253,908	738,119
Liabilities:			
Long-Term Liabilities	1,969,998	2,164,998	(195,000)
Net Position:			
Net Investment in Capital Assets	5,047,694	5,188,609	(140,915)
Restricted	2,490,408	2,237,057	253,351
Unrestricted	8,483,927	7,663,244	820,683
Total Net Assets	\$16,022,029	\$15,088,910	\$ 933,119

Current and other assets consisting of cash and cash equivalents increased \$1,074,034. The majority of this increase is due to a reduction in expenditures for payroll and benefits from the reduction of staff and savings in insurance premiums. Capital assets decreased \$335,915 million due primarily to current fiscal year depreciation being significantly higher than current year than additions.

Liabilities consist of the debt of the School District. The decrease is due to the School District making the required principal payments.

Net Investment in Capital Assets decreased as a result of depreciation expense being higher than fiscal year 2013 asset additions and debt payments. Restricted net assets increased mainly due to the collection of property taxes for the retirement of debt being higher than the required debt payments.

Unrestricted net assets increased as a result of the decrease in disbursements related to the reduction of staff and savings in insurance premiums.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013 compared to fiscal year 2012.

Table 2			
Changes in Net Position			
	2013	2012	Change
Receipts:			
Program Receipts:			
Charges for Services	\$ 781,129	\$862,139	(\$ 81,010)
Operating Grants, Contributions and Interest	1,455,774	1,666,678	(210,904)
Total Program Receipts	2,236,903	2,528,817	(291,914)

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

**Table 2
Changes in Net Position
(Continued)**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
General Receipts:			
Property Taxes	3,063,524	3,088,541	(25,017)
Income Tax	2,693,783	2,784,194	(90,411)
Grants and Entitlements not Restricted to Specific Programs	6,816,648	6,877,508	(60,860)
Investment Earnings	12,516	38,177	(25,661)
Gifts and Donations	2,918	4,636	(1,718)
Miscellaneous	35,828	170,759	(134,931)
Total General Receipts	<u>12,625,217</u>	<u>12,963,815</u>	<u>(338,598)</u>
Total Receipts	<u>14,862,120</u>	<u>15,492,632</u>	<u>(630,512)</u>
Program Disbursements:			
Instruction:			
Regular	5,363,169	5,951,259	(588,090)
Special	1,143,199	1,229,690	(86,491)
Vocational	357,428	449,442	(92,014)
Support Services:			
Pupils and Instructional Staff	1,054,945	1,203,774	(148,829)
Board of Education, Administration, Fiscal and Business	1,755,965	1,704,675	51,290
Operation and Maintenance of Plant	1,840,816	1,722,872	117,944
Pupil Transportation	1,013,537	996,263	17,274
Central	314,020	211,814	102,206
Operation of Non-Instructional Services	680,366	726,745	(46,379)
Extracurricular Activities	345,886	313,639	32,247
Interest and Fiscal Charges	59,670	63,520	(3,850)
Total Disbursements	<u>13,929,001</u>	<u>14,573,693</u>	<u>(\$644,692)</u>
Change in Net Position	933,119	918,939	
Net Position at Beginning of Year	<u>15,088,910</u>	<u>14,169,971</u>	
Net Position at End of Year	<u>\$16,022,029</u>	<u>\$15,088,910</u>	

Governmental Activities

In fiscal year 2013, all categories of receipts decreased. Operating grants, contribution and interest decreased due to the Education Jobs grant ending in fiscal year 2012. Property taxes decreased due to a reduction in the assessed value.

Disbursements decreased \$644,692 or five percent from the previous fiscal year. The decrease is due to a lower premium rate for the new health care plan and staffing reductions.

Again, it should be noted that the School District uses the modified cash basis of accounting which does not take into account any accruals and only includes actual amounts disbursed during the fiscal year being reported.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

The School District's Funds

The School District's major funds are the General and Bond Retirement Funds and are accounted for using the modified cash basis of accounting. The General Fund accounts for approximately 78 percent of total fund balance, approximately 88 percent of total receipts and approximately 88 percent of total disbursements.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$820,683. The increase is a result of the decreases in expenditures related to a reduction in staffing levels as well as a reduction in health care premiums for the fiscal year.

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted receipts estimate was approximately \$12.9 million, a \$467,411 decrease from the original budgeted receipts. The School District had decreases in intergovernmental revenue mainly due to a reduction in open enrollment. Actual receipts were nearly equal to final budget basis receipt estimates.

During the course of the fiscal year, final appropriations decreased \$917,977 or seven percent from original appropriations mainly due to reduction of staff and savings in insurance premium rates. Final appropriations were equal to actual disbursements.

Capital Assets

Table 3 shows fiscal year 2013 balances compared to fiscal year 2012.

**Table 3
Capital Assets (Net of Depreciation) at June 30,**

	2013	2012	Change
Land	\$ 247,991	\$ 247,991	
Land Improvements	41,552	48,027	(\$ 6,475)
Buildings and Improvements	6,140,324	6,459,095	(318,771)
Furniture, Fixtures, and Equipment	304,485	359,228	(54,743)
Vehicles	283,340	239,266	44,074
Totals	<u>\$7,017,692</u>	<u>\$7,353,607</u>	<u>(\$335,915)</u>

The overall decrease in capital assets was \$335,915. For more information on capital assets, see Note 14 of the Basic Financial Statements.

Debt Administration

At June 30, 2013, the School District had \$1,969,998 in total outstanding School Improvement Refunding General Obligation Bonds. For more information on the School District's debt, see Note 15 of the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mollie M. Hansel, Treasurer at Preble Shawnee Local School District, 124 Bloomfield Street, Camden, Ohio 45311, or email at hanselm@preble-shawnee.k12.oh.us

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2013**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$10,974,335
Non-Depreciable Capital Assets	247,991
Depreciable Capital Assets, Net	6,769,701
Total Assets	17,992,027
 Liabilities:	
Due Within One Year	200,000
Due in More Than One Year	1,769,998
Total Liabilities	1,969,998
 Net Assets:	
Net Investment in Capital Assets	5,047,694
Restricted for:	
Debt Service	1,547,361
Classroom Facilities Maintenance	809,718
District Managed Activities	19,225
Other Purposes	49,274
Set-Asides	64,830
Unrestricted	8,483,927
Total Net Position	\$16,022,029

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Total Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$5,363,169	\$273,470	\$109,502	(\$4,980,197)
Special	1,143,199	14,220	666,895	(462,084)
Vocational	357,428		84,589	(272,839)
Support Services:				
Pupils	695,288		4,727	(690,561)
Instructional Staff	359,657		132,110	(227,547)
Board of Education	52,851			(52,851)
Administration	1,277,350	127,881	26,602	(1,122,867)
Fiscal	422,622		41,656	(380,966)
Business	3,142			(3,142)
Operation and Maintenance of Plant	1,840,816			(1,840,816)
Pupil Transportation	1,013,537	121	17,527	(995,889)
Central	314,020		31,522	(282,498)
Operation of Non-Instructional Services	680,366	239,587	338,201	(102,578)
Extracurricular Activities	345,886	125,850	2,443	(217,593)
Interest and Fiscal Charges	59,670			(59,670)
Total Governmental Activities	<u>\$13,929,001</u>	<u>\$781,129</u>	<u>\$1,455,774</u>	<u>(11,692,098)</u>
General Receipts:				
Property Taxes Levied For:				
General Purposes				2,652,254
Debt Service				357,695
Classroom Facilities				53,575
Income Tax				2,693,783
Grants and Entitlements not Restricted to				
Specific Programs				6,816,648
Investment Earnings				12,516
Gifts and Donations				2,918
Miscellaneous				35,828
Total General Receipts				<u>12,625,217</u>
Change in Net Position				933,119
Net Position at Beginning of Year				<u>15,088,910</u>
Net Position at End of Year				<u>\$16,022,029</u>

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Bond Retirement</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$8,483,927	\$1,547,361	\$878,217	\$10,909,505
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	64,830			64,830
Total Assets	<u>8,548,757</u>	<u>1,547,361</u>	<u>878,217</u>	<u>10,974,335</u>
Fund Balances:				
Restricted	64,830	1,547,361	878,217	2,490,408
Committed	124,500			124,500
Assigned	85,357			85,357
Unassigned	8,274,070			8,274,070
Total Fund Balances	<u>\$8,548,757</u>	<u>\$1,547,361</u>	<u>\$878,217</u>	<u>\$10,974,335</u>

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS
JUNE 30, 2013**

Total Governmental Fund Balances \$10,974,335

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets consist of:

Land	\$247,991	
Land Improvements	439,914	
Buildings and Improvements	14,817,623	
Furniture, Fixtures, and Equipment	1,520,809	
Vehicles	1,035,172	
Accumulated Depreciation	<u>(11,043,817)</u>	
Total Capital Assets		7,017,692

Some liabilities are not due and payable in the current period
and therefore are not reported in the funds. Those
liabilities consist of:

General Obligation Bonds Payable	<u>(1,969,998)</u>
----------------------------------	--------------------

Net Position of Governmental Activities \$16,022,029

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Bond Retirement</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$2,652,254	\$357,695	\$53,575	\$3,063,524
Income Tax	2,693,783			2,693,783
Tuition and Fees	89,357			89,357
Investment Earnings	12,516			12,516
Intergovernmental	7,225,287	63,580	981,112	8,269,979
Extracurricular Activities	61,608		90,623	152,231
Gifts and Donations	2,918		2,443	5,361
Charges for Services	299,954		239,587	539,541
Miscellaneous	33,699		2,129	35,828
Total Receipts	<u>13,071,376</u>	<u>421,275</u>	<u>1,369,469</u>	<u>14,862,120</u>
Disbursements:				
Current:				
Instruction:				
Regular	5,010,126		114,256	5,124,382
Special	833,673		290,738	1,124,411
Vocational	332,834		9,948	342,782
Support Services:				
Pupils	689,761		4,764	694,525
Instructional Staff	312,482		29,269	341,751
Board of Education	52,851			52,851
Administration	1,132,204		131,332	1,263,536
Fiscal	409,265	10,585	2,307	422,157
Business	3,142			3,142
Operation and Maintenance of Plant	1,805,016		222	1,805,238
Pupil Transportation	1,056,216			1,056,216
Central	276,094		31,271	307,365
Operation of Non-Instructional Services	6,282		649,577	655,859
Extracurricular Activities	213,949		125,252	339,201
Debt Service:				
Principal Retirement		195,000		195,000
Interest and Fiscal Charges		59,670		59,670
Total Disbursements	<u>12,133,895</u>	<u>265,255</u>	<u>1,388,936</u>	<u>13,788,086</u>
Excess of Receipts Over (Under) Disbursements	<u>937,481</u>	<u>156,020</u>	<u>(19,467)</u>	<u>1,074,034</u>
Other Financing Sources (Uses):				
Advances In	100,000		145,148	245,148
Advances Out	(145,148)		(100,000)	(245,148)
Transfers In			71,650	71,650
Transfers Out	(71,650)			(71,650)
Total Other Financing Sources (Uses)	<u>(116,798)</u>		<u>116,798</u>	
Net Change in Fund Balance	820,683	156,020	97,331	1,074,034
Fund Balances at Beginning of Year	<u>7,728,074</u>	<u>1,391,341</u>	<u>780,886</u>	<u>9,900,301</u>
Fund Balances at End of Year	<u>\$8,548,757</u>	<u>\$1,547,361</u>	<u>\$878,217</u>	<u>\$10,974,335</u>

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances - Total Governmental Funds \$1,074,034

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as disbursements. However, in the Statement
of Activities, the cost of those assets is allocated over their estimated useful lives as
depreciation disbursements. In the current period, these amounts are:

Capital Outlay	\$100,397	
Depreciation Disbursement	(436,312)	
Excess of Capital Outlay Under Depreciation Disbursement	<u> </u>	(335,915)

Repayment of long-term debt is a disbursement in governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds Payments	<u>195,000</u>
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Change in Net Position of Governmental Activities \$933,119

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$2,660,390	\$2,652,254	\$2,652,254	
Income Tax	2,536,119	2,693,783	2,693,783	
Tuition and Fees	335,450	89,357	89,357	
Investment Earnings	37,731	14,106	14,106	
Intergovernmental	7,447,585	7,225,287	7,225,287	
Extracurricular Activities	60,505	61,608	61,608	
Gifts and Donations	3,369	2,918	2,918	
Charges for Services	102,000	101,500	299,954	\$198,454
Miscellaneous	156,701	31,626	31,641	15
Total Receipts	<u>13,339,850</u>	<u>12,872,439</u>	<u>13,070,908</u>	<u>198,469</u>
Disbursements:				
Current:				
Instruction:				
Regular	5,257,094	4,820,383	5,018,837	(198,454)
Special	784,965	833,673	833,673	
Vocational	346,188	336,185	336,185	
Support Services:				
Pupils	695,723	690,666	690,666	
Instructional Staff	369,910	312,482	312,482	
Board of Education	65,610	52,851	52,851	
Administration	1,199,492	1,135,410	1,135,410	
Fiscal	410,143	409,295	409,295	
Business	3,555	3,142	3,142	
Operation and Maintenance of Plant	2,106,971	1,866,194	1,866,194	
Pupil Transportation	1,185,908	1,064,004	1,064,004	
Central	291,066	276,094	276,094	
Operation of Non-Instructional Services	25,129	6,472	6,472	
Extracurricular Activities	197,023	213,949	213,949	
Total Disbursements	<u>12,938,777</u>	<u>12,020,800</u>	<u>12,219,254</u>	<u>(198,454)</u>
Excess of Receipts Over Disbursements	<u>401,073</u>	<u>851,639</u>	<u>851,654</u>	<u>15</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	12,453	424	424	
Proceeds From Sale of Capital Assets		1,634	1,634	
Advances In	80,000	100,000	100,000	
Advances Out	(200,000)	(145,148)	(145,148)	
Transfers In	19,737			
Transfers Out	(88,865)	(71,650)	(71,650)	
Total Other Financing Sources (Uses)	<u>(176,675)</u>	<u>(114,740)</u>	<u>(114,740)</u>	
Net Change in Fund Balance	224,398	736,899	736,914	15
Fund Balance at Beginning of Year	7,580,968	7,580,968	7,580,968	
Prior Year Encumbrances Appropriated	146,660	146,660	146,660	
Fund Balance at End of Year	<u>\$7,952,026</u>	<u>\$8,464,527</u>	<u>\$8,464,542</u>	<u>\$15</u>

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private Purpose Trust	Agency
Asset:		
Equity in Pooled Cash and Cash Equivalents	\$24,162	\$29,575
Net Position:		
Held in Trust for Scholarships	24,162	
Held on Behalf of Students		4,300
Held on Behalf of Employees		25,275
Total Net Position	\$24,162	\$29,575

See Accompanying Notes to the Basic Financial Statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**STATEMENT OF CHANGES IN NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Private Purpose Trust</u>
Additions:	
Gifts and Contributions	\$1,704
Interest	65
Total Additions	<u>1,769</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>4,500</u>
Change in Net Position	(2,731)
Net Position at Beginning of Year	<u>26,893</u>
Net Position at End of Year	<u><u>\$24,162</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 89 square miles. It is located in Butler, Montgomery, and Preble Counties, including all of Gasper, German, Gratis, Israel, Lanier, Somers, and Wayne Townships.

Reporting Entity:

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

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

The School District participates in four jointly governed organizations, two insurance purchasing pools, and one shared risk pool. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Southwest Ohio Computer Association
- The Southwest Ohio Educational Purchasing Council
- The Southwestern Ohio Instructional Technology Association
- Preble County Professional Development Consortium

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
- The Ohio School Plan

Shared Risk Pool:

- The Preble County Schools Regional Purchasing Council of Governments

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type activities. The School District, however, does not have any activities which are presented as business-type.

The Statement of Net Position presents the cash balance, capital assets, and debt of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

2. Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds:

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. Following are the School District's major governmental funds:

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

Bond Retirement Fund – The Bond Retirement Fund is used to account for and report various revenues collected for the payment of the general obligation bonded debt.

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

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature. The School District's trust fund is a private purpose trust which accounts for college scholarship programs for students. The School District's agency funds account for those student activities which consist of a student body, student president, student treasurer, and faculty advisor, and for employee reimbursements of pretax medical premiums taken out of their payroll checks.

C. Basis of Accounting

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

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except the Agency Funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The 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 cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

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

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

Prior to fiscal year end, the School District passed a supplemental appropriation that reflected actual disbursements plus encumbrances for the fiscal year.

E. Cash and Investments

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

During fiscal year 2013, the School District's investments were limited to negotiable certificates of deposits and State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share which is the price the investment could be sold for on June 30, 2013.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2013 were \$12,516 which included \$2,893 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for budget stabilization.

G. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets generally result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	45 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	6-8 years

H. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources for federal and State grants restricted to cash disbursement for specified purposes.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District applies restricted resources first when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance

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

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The School District did not have any non-spendable fund balances at fiscal year-end.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent fiscal year 2013 appropriations exceeding estimated resources and encumbered amounts for outstanding obligations. The Treasurer has been given authority to assign amounts for these purposes by the School 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 School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Receivables/Payables

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

L. Accumulated Leave

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

M. Long-Term Obligations

Long-term obligations are reported in the government-wide financial statements. The School District reported a liability for general obligation bonds.

N. Internal Activity

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

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

O. Estimates

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

4. FUND BALANCES

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

Fund Balances	General	Bond Retirement	Non-major Governmental Funds	Total Governmental Funds
Restricted for:				
Set Asides	\$ 64,830			\$ 64,830
Debt Service Payments		\$1,547,361		1,547,361
Classroom Facilities Maintenance			\$809,718	809,718
District Managed Activities			19,225	19,225
Food Service			434	434
Title VI-B			3,769	3,769
Title I			44,459	44,459
Title II-A			612	612
Total Restricted	<u>64,830</u>	<u>1,547,361</u>	<u>878,217</u>	<u>2,490,408</u>
Committed to:				
Employee Reimbursements	<u>124,500</u>			<u>124,500</u>
Total Committed	<u>124,500</u>			<u>124,500</u>
Assigned to:				
Purchases on Order	<u>85,357</u>			<u>85,357</u>
Unassigned	<u>8,274,070</u>			<u>8,274,070</u>
Total Fund Balances	<u><u>\$8,548,757</u></u>	<u><u>\$1,547,361</u></u>	<u><u>\$878,217</u></u>	<u><u>\$10,974,335</u></u>

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING

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

The following table summarizes the adjustments necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General Fund.

<u>Net Change in Fund Balance</u>	
	<u>General</u>
Modified Cash Basis	\$820,683
Fair Value of Investment Fiscal Year 2013	4,956
Unrecorded Cash Fiscal Year 2012	446
Unrecorded Cash Fiscal Year 2013	(3,812)
Adjustment for Encumbrances	(85,359)
Budget Basis	<u>\$736,914</u>

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio; or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

A. Investments

As of June 30, 2013, the School District had investments in negotiable certificates of deposit and in STAROhio.

	Fair Value	Maturity
Negotiable Certificates of Deposit	\$4,967,044	12/27/13 to 11/30/15
STAROhio	1,363,239	Average 57.5 Days
Total	\$6,330,283	

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond State statute requirements. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

7. PROPERTY TAXES

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

7. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 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 revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$151,969,720	96.87%	\$151,406,810	96.17%
Public Utility Personal	4,917,450	3.13%	6,021,980	3.83%
Total Assessed Values	\$156,887,170	100.00%	\$157,428,790	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$23.20		\$23.20	

8. INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. The School District levies an additional voted tax of three-fourths of a percent. The tax was effective on January 1, 2007 and is a five year tax and was renewed in August, 2010 for 5 more years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

9. INTERFUND ACTIVITY

At June 30, 2013, the General Fund made advances out of \$145,148 and received repayments of advances from Non-major Governmental Funds of \$100,000, for short-term loans made during fiscal year 2013.

The General Fund made transfers to Nonmajor Governmental Funds in the amount of \$71,650 during fiscal year 2013. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

10. RISK MANAGEMENT

A. Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District, along with other school districts in Ohio, participated in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17). The School District contracts for property, fleet, and liability insurance with OSP.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant decrease in insurance coverage from the prior fiscal year.

B. Workers' Compensation

For fiscal year 2013, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical Benefits

For fiscal year 2013, the School District participated in the Preble County Schools Regional Council of Governments (the "Council"), a shared risk pool consisting of five local school districts and an educational service center (See Note 18). The School District pays monthly premiums to the Council for employee medical benefits. The Council is responsible for the management and operations of the program. Upon withdrawal from the Council, a participant is responsible for the payment of all of the School District's liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.9 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$285,790, \$282,019, and \$269,392, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$641,789, \$628,123, and \$798,477, respectively. The full amount has been contributed for all three fiscal years.

The information relating to Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were not yet available.

C. Social Security System

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

12. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

12. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$32,336 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$53,141, \$44,549, and \$65,815, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$16,206, \$16,655, and \$17,336, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$49,368, \$48,317, and \$61,421, respectively; 100 percent has been contributed for all three fiscal years.

13. OTHER EMPLOYEE BENEFITS

A. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all employees through Guardian Life.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

13. OTHER EMPLOYEE BENEFITS (Continued)

B. Deferred Compensation Plan

Employees may elect to participate in the Ohio Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

C. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. All unused vacation, up to a balance not greater than three years accrual, may be carried forward to the succeeding fiscal year. Sick leave may be accumulated up to a maximum of 220 days for classified employees and 225 days for certified employees. Upon retirement, payment is made for 30 and 35 percent of accrued but unused sick leave credit at their daily rate upon retirement for classified and certified employees, respectively.

14. CAPITAL ASSETS

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

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 247,991			\$ 247,991
Capital Assets, Being Depreciated:				
Land Improvements	439,914			439,914
Buildings and Improvements	14,817,623			14,817,623
Furniture, Fixtures, and Equipment	1,514,292	\$ 6,517		1,520,809
Vehicles	941,292	93,880		1,035,172
Total Capital Assets, Being Depreciated	17,713,121	100,397		17,813,518
Less Accumulated Depreciation:				
Land Improvements	(391,887)	(6,475)		(398,362)
Buildings and Improvements	(8,358,528)	(318,771)		(8,677,299)
Furniture, Fixtures, and Equipment	(1,155,064)	(61,260)		(1,216,324)
Vehicles	(702,026)	(49,806)		(751,832)
Total Accumulated Depreciation	(10,607,505)	(436,312)		(11,043,817)
Capital Assets, Being Depreciated, Net	7,105,616	(335,915)		6,769,701
Governmental Activities Capital Assets, Net	\$7,353,607	(\$335,915)	\$0	\$7,017,692

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

14. CAPITAL ASSETS (Continued)

* Depreciation disbursement was charged to governmental functions as follows:

Instruction:	
Regular	\$238,787
Special	18,788
Vocational	18,903
Support Services:	
Pupils	763
Instructional Staff	17,906
Administration	13,814
Fiscal	465
Operation and Maintenance of Plant	35,578
Pupil Transportation	51,201
Central	6,655
Operation of Non-Instructional Services	26,767
Extracurricular Activities	6,685
Total Depreciation Disbursement	<u>\$436,312</u>

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Amount Outstanding 6/30/2012	Additions	Deductions	Amount Outstanding 6/30/2013	Amounts Due in One Year
Governmental Activities:					
School Improvement Refunding Current Interest Bonds - 2010 2.0 - 3.6%	\$2,100,000		\$195,000	\$1,905,000	\$200,000
School Improvement Refunding Capital Appreciation Bonds - 2010 - 3.9%	64,998			64,998	
Total Governmental Activities Long-Term Liabilities	<u>\$2,164,998</u>	<u>\$0</u>	<u>\$195,000</u>	<u>\$1,969,998</u>	<u>\$200,000</u>

School Improvement Refunding General Obligation Bonds

The 2010 Refunding Bonds were issued in the amount of \$2,524,998 on September 16, 2009 for the purpose of refunding the 1999 School Improvement Bonds. Of the bonds, \$2,460,000 are current interest bonds and \$64,998 are capital appreciation bonds. The capital appreciation bonds, issued at \$64,998, are not subject to prior redemption. The capital appreciation bonds mature in fiscal year 2017 in the amount of \$230,000. The bonds reach final maturity in fiscal year 2022 and will be paid from the Bond Retirement Fund with property tax revenues.

The net proceeds of \$2,575,000 from the refunding bonds were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 bonds. As a result, \$2,525,000 of the 1999 bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The 1999 bonds were called on December 1, 2009 at 102 percent of the principal amount and paid off completely.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The School District's overall legal debt margin was \$13,745,954 with an unvoted debt margin of \$157,429 at June 30, 2013.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	General Obligation Current Interest Bonds		General Obligation Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 200,000	\$ 55,720		
2015	225,000	51,020		
2016	225,000	44,945		
2017		41,570	\$64,998	\$165,002
2018	230,000	38,120		
2019-2022	1,025,000	72,965		
<i>Total</i>	<u>\$1,905,000</u>	<u>\$304,340</u>	<u>\$64,998</u>	<u>\$165,002</u>

16. JOINTLY GOVERNED ORGANIZATIONS

A. Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble 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 SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$45,917 for services provided during the fiscal year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 100 school districts and educational service centers in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services, including dental insurance, commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the General Fund. During fiscal year 2013, the School District paid \$870 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2013, the School District paid \$1,022 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

D. Preble County Professional Development Consortium

The School District is a participant in the Preble County Professional Development Consortium (PCPDC). PCPDC is an association of public school districts within the boundaries of Preble County. The organization was formed to improve staff development and instructional functions by making optimum use of public funds through cooperation of member public school districts. The governing board of PCPDC consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the Consortium. The School District paid PCPDC \$3,321 for services provided during the fiscal year. Financial information can be obtained from Kerry Borger, Treasurer, Preble County Educational Service Center, 597 Hillcrest Drive, Eaton, Ohio 45320 or email at kerry.borger@preblecountyesc.org.

17. INSURANCE PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all other participating members. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

17. INSURANCE PURCHASING POOLS (Continued)

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 13 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

18. SHARED RISK POOL

Preble County Schools Regional Council of Governments

The Preble County Schools Regional Council of Governments (the "Council"), a shared risk pool, was formed by five local school districts and the Preble County Educational Service Center for the purpose of achieving lower rates for medical insurance. The Council is governed by an advisory committee consisting of each member's superintendent or designee from each participating school district. Premiums are paid on a monthly basis to the Council and their designated insurance company. The Council is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the Council may assess additional charges to all participants. The Preble County Educational Service Center serves as coordinator of the Council. Financial information can be obtained from Kerry Borger, who serves as Treasurer, at 597 Hillcrest Drive, Eaton, Ohio 45320.

19. SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of 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 School District is no longer required to set aside funds in the budget stabilization reserve set-aside, with the exception of refunds received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

19. SET-ASIDE CALCULATIONS (Continued)

	<u>Budget Stabilization</u>	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2012	\$64,830	
Current Fiscal Year Set-aside Requirement		\$237,082
Qualifying Disbursements		(373,140)
Current Fiscal Year Offsets		(53,575)
Totals	<u>\$64,830</u>	<u>(\$189,633)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$64,830</u>	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2013	<u>\$64,830</u>	<u>\$0</u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

20. CONTINGENCIES

A. Grants

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

B. Litigation

The School District is not currently a party to any legal proceedings.

21. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

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PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2013	10.555		\$79,054		\$79,054
Cash Assistance:						
National School Breakfast Program	2013	10.553	\$58,650		\$58,650	
National School Lunch Program	2013	10.555	272,132		272,132	
Total Child Nutrition Cluster			<u>330,782</u>	<u>79,054</u>	<u>330,782</u>	<u>79,054</u>
Total U.S. Department of Agriculture			<u>330,782</u>	<u>79,054</u>	<u>330,782</u>	<u>79,054</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2013	84.027	208,946		205,177	
	2012	84.027	42,116		42,810	
Total Special Education Grants to States			<u>251,062</u>		<u>247,987</u>	
Special Education - Preschool Grants	2013	84.173	3,259		3,254	
	2012	84.173	536		608	
Total Special Education Cluster			<u>3,795</u>		<u>3,862</u>	
			<u>254,857</u>		<u>251,849</u>	
Title I Grants to Local Educational Agencies	2013	84.010	201,083		201,771	
	2012	84.010	22,453		29,923	
Total Title I Grants to Local Educational Agencies			<u>223,536</u>		<u>231,694</u>	
Improving Teacher Quality State Grants	2013	84.367	44,966		44,352	
	2012	84.367	10,025		11,071	
Total Improving Teacher Quality State Grants			<u>54,991</u>		<u>55,423</u>	
Education Jobs	2013	84.410	62,471		66,804	
Total U.S. Department of Education			<u>595,855</u>		<u>605,770</u>	
TOTAL FEDERAL ASSISTANCE			<u>\$926,637</u>	<u>\$79,054</u>	<u>\$936,552</u>	<u>\$79,054</u>

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

Preble Shawnee Local School District
Preble County
124 Bloomfield Street
Camden, Ohio 45311

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 Preble Shawnee Local School District, Preble County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 24, 2013, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the District adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013



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

Preble Shawnee Local School District
Preble County
124 Bloomfield Street
Camden, Ohio 45311

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Preble Shawnee Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Preble Shawnee Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Preble Shawnee Local 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, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: CFDA #10.553: National School Breakfast Program CFDA #10.555: National School Lunch Program Special Education Cluster: CFDA #84.027: Special Education-Grants to States CFDA #84.173: Special Education-Preschool Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Revised Code Section 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 Revised Code § 117.38.

Ohio Admin. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District. The District should prepare its annual financial report in accordance with generally accepted accounting principles to provide a more complete presentation of its financial status.

Officials' Response:

Several years ago the district changed to modified cash basis of accounting in order to save money. At this point it would be too expensive to switch back to generally accepted accounting principles.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B), failure to report in accordance with generally accepted accounting principles	No	Not Corrected; re-issued as Finding 2013-001

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PREBLE SHAWNEE LOCAL SCHOOL DISTRICT

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2013**