

Dave Yost • Auditor of State

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2016, 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

February 8, 2016

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The management's discussion and analysis of Plymouth-Shiloh Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position increased \$386,289. Net position of governmental activities increased \$381,759, which represents a 4.50% increase from 2014's restated net position. Net position of business-type activities increased \$4,530 or 9.48% from 2014.
- General governmental revenues accounted for \$7,848,693 in revenue or 76.97% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,348,676 or 23.03% of total revenues of \$10,197,369.
- The District had \$9,815,610 in expenses related to governmental activities; only \$2,348,676 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,848,693 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$8,789,949 in revenues and \$8,372,805 in expenditures and other financing uses. The general fund's fund balance increased \$417,144 from a balance of \$2,835,234 to a balance of \$3,252,378.
- Net position for the District's enterprise fund increased \$4,530. The special enterprises fund had \$13,159 in revenues and \$8,629 in expenses.

Using the Basic Financial Statements

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprises operations are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 19-21 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the analysis of the District's nonmajor enterprise fund begins on page 15. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 30. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31 - 69 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 71 through 76 of this report.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>Restated 2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>Restated 2014</u>
<u>Assets</u>						
Current assets	\$ 7,176,614	\$ 6,675,331	\$ 46,811	\$ 41,431	\$ 7,223,425	\$ 6,716,762
Capital assets, net	<u>17,343,632</u>	<u>17,874,952</u>	<u>5,525</u>	<u>6,375</u>	<u>17,349,157</u>	<u>17,881,327</u>
Total assets	<u>24,520,246</u>	<u>24,550,283</u>	<u>52,336</u>	<u>47,806</u>	<u>24,572,582</u>	<u>24,598,089</u>
<u>Deferred outflows of resources</u>						
Deferred outflows of resources	<u>815,361</u>	<u>653,556</u>	<u>-</u>	<u>-</u>	<u>815,361</u>	<u>653,556</u>
<u>Liabilities</u>						
Current liabilities	1,016,714	1,008,510	-	-	1,016,714	1,008,510
Long-term liabilities	<u>12,330,545</u>	<u>14,457,508</u>	<u>-</u>	<u>-</u>	<u>12,330,545</u>	<u>14,457,508</u>
Total liabilities	<u>13,347,259</u>	<u>15,466,018</u>	<u>-</u>	<u>-</u>	<u>13,347,259</u>	<u>15,466,018</u>
<u>Deferred inflows of resources</u>						
Deferred inflows of resources	<u>3,121,818</u>	<u>1,253,050</u>	<u>-</u>	<u>-</u>	<u>3,121,818</u>	<u>1,253,050</u>
<u>Net Position</u>						
Net investment in capital assets	15,957,054	16,348,192	5,525	6,375	15,962,579	16,354,567
Restricted	1,220,268	1,185,634	-	-	1,220,268	1,185,634
Unrestricted (deficit)	<u>(8,310,792)</u>	<u>(9,049,055)</u>	<u>46,811</u>	<u>41,431</u>	<u>(8,263,981)</u>	<u>(9,007,624)</u>
Total net position	<u>\$ 8,866,530</u>	<u>\$ 8,484,771</u>	<u>\$ 52,336</u>	<u>\$ 47,806</u>	<u>\$ 8,918,866</u>	<u>\$ 8,532,577</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$20,095,198 to \$8,484,771.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$8,918,866. Of this total, \$8,866,530 is in governmental activities and \$52,336 is in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the District's assets. At year-end, capital assets represented 70.73% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$15,957,054 in the governmental activities and \$5,525 in the business-type activities.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

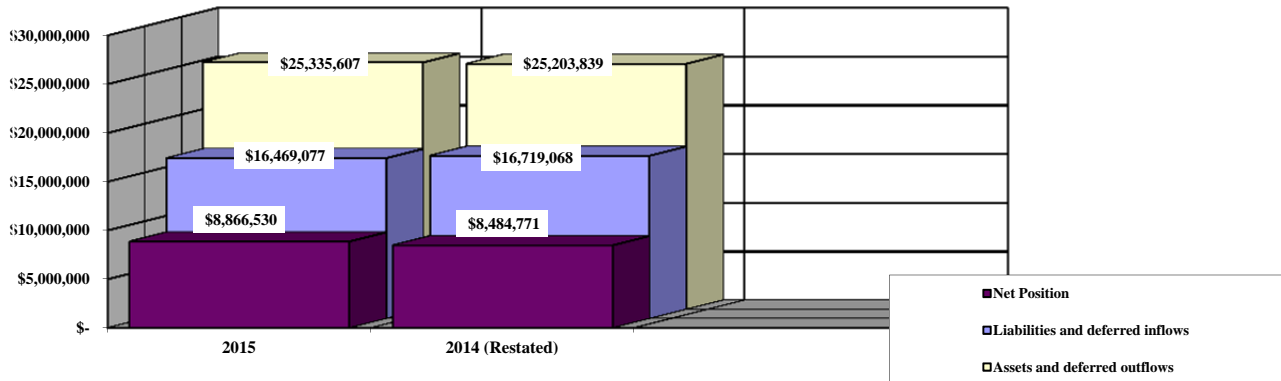
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)**

These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,220,268, represents resources that are subject to external restriction on how they may be used. In the governmental activities, remaining balance of unrestricted net position is (\$8,310,792).

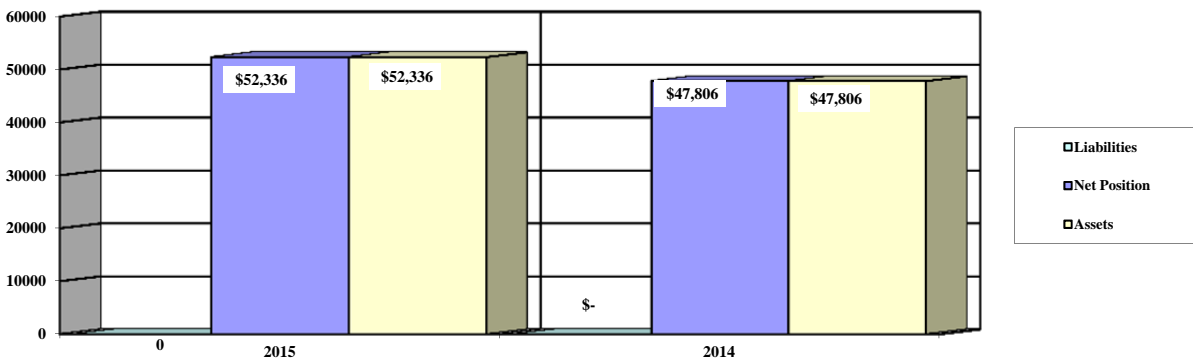
The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015 and June 30, 2014. The amounts at June 30, 2014 have been restated as described in Note 3.A.

Governmental - Net Position



This table below provides a summary of the District's business-type assets, liabilities and net position at June 30, 2015 and June 30, 2014.

Business-Type - Net Position



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)**

The table below shows the change in net position for governmental activities and business-type activities fiscal year 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 986,351	\$ 815,448	\$ 13,159	\$ -	\$ 999,510	\$ 815,448
Operating grants and contributions	1,362,325	1,410,205	-	8,280	1,362,325	1,418,485
General revenues:						
Property taxes	2,070,580	1,656,238	-	-	2,070,580	1,656,238
Income taxes	841,926	834,579	-	-	841,926	834,579
Grants and entitlements	4,871,676	4,851,906	-	-	4,871,676	4,851,906
Investment earnings	3,376	2,055	-	-	3,376	2,055
Other	61,135	72,207	-	-	61,135	72,207
Total revenues	<u>10,197,369</u>	<u>9,642,638</u>	<u>13,159</u>	<u>8,280</u>	<u>10,210,528</u>	<u>9,650,918</u>

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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(Continued)**

	Change in Net Position		Business-Type		Total	
	Governmental		Activities		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014
Expenses						
Program expenses:						
Instruction:						
Regular	3,754,072	3,816,217	-	-	3,754,072	3,816,217
Special	845,363	1,137,405	-	-	845,363	1,137,405
Vocational	165,271	173,839	-	-	165,271	173,839
Other	637,972	567,425	-	-	637,972	567,425
Support services:						
Pupil	460,017	442,493	-	-	460,017	442,493
Instructional staff	436,482	394,695	-	-	436,482	394,695
Board of Education	23,123	19,700	-	-	23,123	19,700
Administration	741,274	722,473	-	-	741,274	722,473
Fiscal	257,267	261,773	-	-	257,267	261,773
Business	3,576	4,830	-	-	3,576	4,830
Operations and maintenance	941,080	921,881	-	-	941,080	921,881
Pupil transportation	521,248	424,087	-	-	521,248	424,087
Central	8,955	7,825	-	-	8,955	7,825
Operation of non-instructional service:						
Other non-instructional services	52,888	-	-	-	52,888	-
Food service operations	497,832	503,437	-	-	497,832	503,437
Extracurricular activities	388,427	439,909	-	-	388,427	439,909
Interest and fiscal charges	80,763	89,645	-	-	80,763	89,645
Special enterprises	-	-	8,629	12,902	8,629	12,902
Total expenses	<u>9,815,610</u>	<u>9,927,634</u>	<u>8,629</u>	<u>12,902</u>	<u>9,824,239</u>	<u>9,940,536</u>
Changes in net position	381,759	(284,996)	4,530	(4,622)	386,289	(289,618)
Net position beginning of year (restated)	<u>8,484,771</u>	<u>8,769,767</u>	<u>47,806</u>	<u>52,428</u>	<u>8,532,577</u>	<u>8,822,195</u>
Net position at end of year	<u>\$ 8,866,530</u>	<u>\$ 8,484,771</u>	<u>\$ 52,336</u>	<u>\$ 47,806</u>	<u>\$ 8,918,866</u>	<u>\$ 8,532,577</u>

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$604,410 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$432,504.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)**

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 9,815,610
Pension expense under GASB 68	(432,504)
2015 contractually required contributions	<u>675,037</u>
Adjusted 2015 program expenses	10,058,143
Total 2014 program expenses under GASB 27	<u>9,927,634</u>
Increase in program expenses not related to pension	<u>\$ 130,509</u>

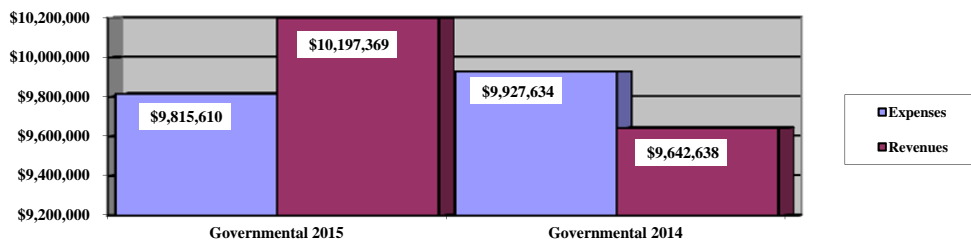
Net position of the District's governmental activities increased \$381,759. Total governmental expenses of \$9,815,610 were offset by program revenues of \$2,348,676 and general revenues of \$7,848,693. Program revenues supported 23.93% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 76.34% of total governmental revenues. Real estate property is reappraised every six years. Revenues related to grants and entitlements increased due to an increase in the amount of State foundation and other unrestricted grants received during the current fiscal year compared to amounts received in the prior fiscal year.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,402,678 or 55.04% of total governmental expenses for fiscal year 2015.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

Governmental Activities - Revenues and Expenses



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Program expenses:				
Instruction:				
Regular	\$ 3,754,072	\$ 2,681,876	\$ 3,816,217	\$ 2,910,891
Special	845,363	354,448	1,137,405	571,310
Vocational	165,271	103,309	173,839	102,922
Other	637,972	637,972	567,425	567,425
Support services:				
Pupil	460,017	424,534	442,493	405,138
Instructional staff	436,482	362,270	394,695	335,348
Board of Education	23,123	23,123	19,700	19,700
Administration	741,274	741,274	722,473	722,473
Fiscal	257,267	257,267	261,773	261,773
Business	3,576	3,576	4,830	4,830
Operations and maintenance	941,080	936,854	921,881	921,378
Pupil transportation	521,248	508,127	424,087	406,908
Central	8,955	1,755	7,825	625
Operation of non-instructional service:				
Other non-instructional services	52,888	52,888	-	-
Food service operations	497,832	26,518	503,437	53,905
Extracurricular activities	388,427	270,380	439,909	327,710
Interest and fiscal charges	80,763	80,763	89,645	89,645
Total expenses	<u>\$ 9,815,610</u>	<u>\$ 7,466,934</u>	<u>\$ 9,927,634</u>	<u>\$ 7,701,981</u>

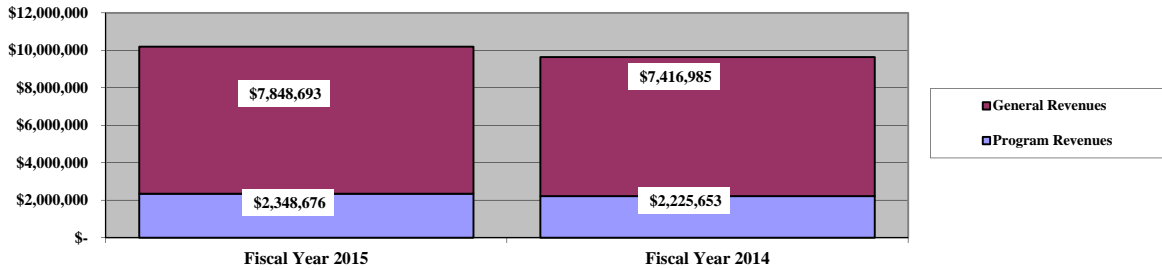
The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2015 for governmental activities is apparent, as 69.92% of 2015 instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 76.07% in fiscal year 2015.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal year 2015 and 2014.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the nonmajor special enterprises operation. This program had operating revenues of \$13,159 and operating expenses of \$8,629 for fiscal year 2015. The District's business activities receive no support from tax revenues.

The District's Funds

The District's governmental funds reported a combined fund balance of \$4,441,285, which is more than last year's total balance of 3,998,825. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Increase</u>
General	\$ 3,252,378	\$ 2,835,234	\$ 417,144
Other Governmental	<u>1,188,907</u>	<u>1,163,591</u>	<u>25,316</u>
Total	<u>\$ 4,441,285</u>	<u>\$ 3,998,825</u>	<u>\$ 442,460</u>

General Fund

The District's general fund balance increased \$417,144. Tuition revenues increased mainly due to an increase in revenues received from open enrollment. Intergovernmental revenue decreased due to a decrease in the amount of State foundation and other unrestricted grants received during the current fiscal year compared to amounts received in the prior fiscal year. Earnings on investments increased due to increased investment earnings. Operation of non-instructional expenses increased due to an increase in the amount spent on a District Special Education Coordinator. All other expenditures remained comparable to the prior fiscal year.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

The table that follows assists in illustrating the financial activities of the general fund.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,734,294	\$ 2,362,005	15.76 %
Tuition	682,922	516,194	32.30 %
Interest earnings	2,919	1,649	77.02 %
Intergovernmental	5,251,675	5,325,387	(1.38) %
Other revenues	<u>118,139</u>	<u>122,520</u>	(3.58) %
Total	<u>\$ 8,789,949</u>	<u>\$ 8,327,755</u>	5.55 %
<u>Expenditures</u>			
Instruction	\$ 4,759,271	\$ 4,835,817	(1.58) %
Support services	3,217,028	2,933,727	9.66 %
Extracurricular activities	239,192	276,019	(13.34) %
Operation of non-instructional	54,793	-	100.00 %
Debt service	<u>86,521</u>	<u>86,520</u>	0.00 %
Total	<u>\$ 8,356,805</u>	<u>\$ 8,132,083</u>	2.76 %

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$8,246,644 and final budgeted revenues and other financing sources were \$8,530,000. Actual revenues and other financing sources for fiscal year 2015 were \$8,706,175. This represents a \$176,175 increase over final budgeted revenues.

General fund original budgeted expenditures and other financing uses were \$8,796,326 and final budgeted expenditures and other financing uses were \$8,824,237. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$8,799,987, which was \$24,250 less than the final budget appropriations.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$17,349,157 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this amount, \$17,343,632 is reported in governmental activities and \$5,525 is reported in business-type activities. The following table shows June 30, 2015 balances compared to June 30, 2014:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 917,885	\$ 917,885	\$ -	\$ -	\$ 917,885	\$ 917,885
Land improvements	70,942	97,255	-	-	70,942	97,255
Building and improvements	15,743,304	16,226,908	-	-	15,743,304	16,226,908
Furniture and equipment	351,467	443,978	5,525	6,375	356,992	450,353
Vehicles	260,034	188,926	-	-	260,034	188,926
Total	<u>\$ 17,343,632</u>	<u>\$ 17,874,952</u>	<u>\$ 5,525</u>	<u>\$ 6,375</u>	<u>\$ 17,349,157</u>	<u>\$ 17,881,327</u>

The overall decrease in governmental capital assets of \$531,320 is due to depreciation expense of \$658,232 exceeding capital outlays of \$126,912 in the fiscal year.

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

Debt Administration

At June 30, 2015, the District had \$930,000 in general obligation bonds, \$629,000 in lease-purchase agreements and \$69,241 in capital leases outstanding. Of this total, \$152,029 is due within one year and \$1,476,212 is due in greater than one year. The following table summarizes the bonds and leases outstanding.

Outstanding Debt, at Year End

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
General obligation bonds	\$ 930,000	\$ 1,025,000
Lease-purchase agreement	629,000	650,000
Capital lease	<u>69,241</u>	<u>98,760</u>
Total	<u>\$ 1,628,241</u>	<u>\$ 1,773,760</u>

At June 30, 2015 the District's overall legal debt margin was \$7,164,462 with an unvoted debt margin of \$87,594. See Note 12 to the basic financial statements for additional information on the District's debt administration.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

Current Financial Related Activities

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed from the community's citizens. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance while continuing to utilize the same levy dollars originally passed in 1992.

The District is committed to living within its financial means, while continuing to maintain the highest standards of service to our students, parents and community. However, the future financial stability of the District is not without challenges.

Declining enrollment over the past years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Reduced student counts lead to staffing cuts, excess building capacity, and less state funding. Each of these factors negatively impacts the operations of the District.

The District will have the resources necessary to meet operating expenses in fiscal year 2016 and has renewed their emergency levy in order to provide some financial stability over the next five years.

The District is anticipating growth in State revenue based on the current budget. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Brenda Schwamberger, Treasurer, Plymouth-Shiloh Local School District, 365 Sandusky Street, Plymouth, Ohio 44865.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 4,437,190	\$ 46,811	\$ 4,484,001
Cash with escrow agent	314,264	-	314,264
Receivables:			
Property taxes	1,849,156	-	1,849,156
Income taxes.	324,314	-	324,314
Accrued interest	426	-	426
Intergovernmental	153,647	-	153,647
Prepayments	21,960	-	21,960
Materials and supplies inventory.	56,690	-	56,690
Inventory held for resale.	18,967	-	18,967
Capital assets:			
Nondepreciable capital assets	917,885	-	917,885
Depreciable capital assets, net.	16,425,747	5,525	16,431,272
Capital assets, net	<u>17,343,632</u>	<u>5,525</u>	<u>17,349,157</u>
Total assets.	<u>24,520,246</u>	<u>52,336</u>	<u>24,572,582</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	43,307	-	43,307
Pension - STRS	614,639	-	614,639
Pension - SERS	157,415	-	157,415
Total deferred outflows of resources	<u>815,361</u>	<u>-</u>	<u>815,361</u>
Liabilities:			
Accounts payable.	24,840	-	24,840
Accrued wages and benefits payable	807,578	-	807,578
Intergovernmental payable	33,187	-	33,187
Pension and post employment benefits payable.	141,474	-	141,474
Accrued interest payable	4,039	-	4,039
Claims payable.	5,596	-	5,596
Long-term liabilities:			
Due within one year.	233,384	-	233,384
Due in more than one year:			
Net pension liability	10,277,763	-	10,277,763
Other amounts due in more than one year	1,819,398	-	1,819,398
Total liabilities	<u>13,347,259</u>	<u>-</u>	<u>13,347,259</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,259,633	-	1,259,633
Pension - STRS.	1,581,634	-	1,581,634
Pension - SERS.	280,551	-	280,551
Total deferred inflows of resources	<u>3,121,818</u>	<u>-</u>	<u>3,121,818</u>
Net position:			
Net investment in capital assets	15,957,054	5,525	15,962,579
Restricted for:			
Capital projects	688,862	-	688,862
Classroom facilities maintenance	72,224	-	72,224
Debt service.	219,224	-	219,224
Locally funded programs	3,201	-	3,201
Student activities	132,366	-	132,366
Other purposes	104,391	-	104,391
Unrestricted (deficit)	<u>(8,310,792)</u>	<u>46,811</u>	<u>(8,263,981)</u>
Total net position.	<u>\$ 8,866,530</u>	<u>\$ 52,336</u>	<u>\$ 8,918,866</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular	\$ 3,754,072	\$ 677,544	\$ 394,652
Special	845,363	13,341	477,574
Vocational	165,271	2,972	58,990
Other	637,972	-	-
Support services:			
Pupil	460,017	34,256	1,227
Instructional staff	436,482	1,829	72,383
Board of education	23,123	-	-
Administration	741,274	-	-
Fiscal	257,267	-	-
Business	3,576	-	-
Operations and maintenance	941,080	4,226	-
Pupil transportation	521,248	-	13,121
Central	8,955	-	7,200
Operation of non-instructional services:			
Other non-instructional services	52,888	-	-
Food service operations	497,832	154,649	316,665
Extracurricular activities	388,427	97,534	20,513
Interest and fiscal charges	80,763	-	-
Total governmental activities	<u>9,815,610</u>	<u>986,351</u>	<u>1,362,325</u>
Business-type activities:			
Special enterprise	8,629	13,159	-
Total business-type activities	<u>8,629</u>	<u>13,159</u>	<u>-</u>
Totals	<u>\$ 9,824,239</u>	<u>\$ 999,510</u>	<u>\$ 1,362,325</u>

General revenues:

Property taxes levied for:	
General purposes	
Special purposes	
Debt service	
School district income taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net position	
Net position at beginning of year (restated)	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (2,681,876)	\$ -	\$ (2,681,876)
(354,448)	-	(354,448)
(103,309)	-	(103,309)
(637,972)	-	(637,972)
(424,534)	-	(424,534)
(362,270)	-	(362,270)
(23,123)	-	(23,123)
(741,274)	-	(741,274)
(257,267)	-	(257,267)
(3,576)	-	(3,576)
(936,854)	-	(936,854)
(508,127)	-	(508,127)
(1,755)	-	(1,755)
(52,888)	-	(52,888)
(26,518)	-	(26,518)
(270,380)	-	(270,380)
(80,763)	-	(80,763)
(7,466,934)	-	(7,466,934)
-	4,530	4,530
-	4,530	4,530
(7,466,934)	4,530	(7,462,404)
1,893,809	-	1,893,809
35,576	-	35,576
141,195	-	141,195
841,926	-	841,926
4,871,676	-	4,871,676
3,376	-	3,376
61,135	-	61,135
7,848,693	-	7,848,693
381,759	4,530	386,289
8,484,771	47,806	8,532,577
<u>\$ 8,866,530</u>	<u>\$ 52,336</u>	<u>\$ 8,918,866</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,422,611	\$ 887,738	\$ 4,310,349
Cash with escrow agent.	-	314,264	314,264
Receivables:			
Property taxes.	1,688,140	161,016	1,849,156
Income taxes.	324,314	-	324,314
Accrued interest.	399	27	426
Intergovernmental.	112,502	41,145	153,647
Prepayments.	21,528	432	21,960
Materials and supplies inventory.	36,202	20,488	56,690
Inventory held for resale.	-	18,967	18,967
Restricted assets:			
Equity in pooled cash and cash equivalents.	25,818	-	25,818
Total assets	<u>5,631,514</u>	<u>1,444,077</u>	<u>7,075,591</u>
Liabilities:			
Accounts payable.	\$ 7,335	\$ 17,505	\$ 24,840
Accrued wages and benefits payable.	733,371	74,207	807,578
Compensated absences payable.	27,326	-	27,326
Intergovernmental payable.	30,586	2,601	33,187
Pension and post employment benefits payable.	125,860	15,614	141,474
Total liabilities.	<u>924,478</u>	<u>109,927</u>	<u>1,034,405</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,149,667	109,966	1,259,633
Delinquent property tax revenue not available.	142,780	13,516	156,296
Other nonexchange transactions not available.	-	21,761	21,761
Miscellaneous revenue not available.	106,771	-	106,771
Income tax revenue not available.	55,440	-	55,440
Total deferred inflows of resources	<u>1,454,658</u>	<u>145,243</u>	<u>1,599,901</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	36,202	20,488	56,690
Prepays.	21,528	432	21,960
Restricted:			
Debt service.	-	211,014	211,014
Capital improvements.	-	688,862	688,862
Classroom facilities maintenance.	-	69,893	69,893
Food service operations.	-	86,449	86,449
Other purposes.	-	3,201	3,201
Extracurricular.	-	132,366	132,366
School bus purchases.	25,818	-	25,818
Committed:			
Termination benefits.	204,547	-	204,547
Assigned:			
Student instruction.	126,373	-	126,373
Student and staff support.	131,100	-	131,100
Operation of non-instructional.	210	-	210
Facilities acquisition and construction.	138,270	-	138,270
Subsequent year's appropriations.	499,507	-	499,507
School supplies.	367	-	367
Other purposes.	3,769	-	3,769
Unassigned (deficit).	2,064,687	(23,798)	2,040,889
Total fund balances	<u>3,252,378</u>	<u>1,188,907</u>	<u>4,441,285</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,631,514</u>	<u>\$ 1,444,077</u>	<u>\$ 7,075,591</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Total governmental fund balances		\$ 4,441,285
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,343,632
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 156,296	
Income taxes receivable	55,440	
Intergovernmental receivable	128,532	
Total		340,268
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		95,427
Unamortized premiums on bonds issued are not recognized in the funds.		(55,644)
Unamortized amounts on refundings are not recognized in the funds.		43,307
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(4,039)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(930,000)	
Capital lease obligations	(69,241)	
Compensated absences	(341,571)	
Lease-purchase agreement	(629,000)	
Total		(1,969,812)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - Pension	772,054	
Deferred Inflows - Pension	(1,862,185)	
Net pension liability	(10,277,763)	
Total		(11,367,894)
Net position of governmental activities		\$ 8,866,530

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 1,891,081	\$ 177,184	\$ 2,068,265
Income taxes	843,213	-	843,213
Tuition	682,922	-	682,922
Earnings on investments	2,919	499	3,418
Charges for services	-	154,649	154,649
Extracurricular	9,502	93,163	102,665
Classroom materials and fees	11,414	-	11,414
Rental income	4,226	-	4,226
Contributions and donations	1,387	2,466	3,853
Other local revenues	91,610	18,047	109,657
Intergovernmental - state	5,251,675	92,857	5,344,532
Intergovernmental - federal	-	801,485	801,485
Total revenues	<u>8,789,949</u>	<u>1,340,350</u>	<u>10,130,299</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,186,881	400,476	3,587,357
Special	790,353	59,842	850,195
Vocational	143,960	-	143,960
Other	638,077	-	638,077
Support services:			
Pupil	465,535	-	465,535
Instructional staff	350,401	72,930	423,331
Board of education	23,310	-	23,310
Administration	741,412	140	741,552
Fiscal	261,807	3,884	265,691
Business	3,576	-	3,576
Operations and maintenance	883,020	98,324	981,344
Pupil transportation	486,212	-	486,212
Central	1,755	7,200	8,955
Operation of non-instructional services:			
Other non-instructional services	54,793	-	54,793
Food service operations	-	437,480	437,480
Extracurricular activities	239,192	108,528	347,720
Debt service:			
Principal retirement	50,519	95,000	145,519
Interest and fiscal charges	36,002	47,230	83,232
Total expenditures	<u>8,356,805</u>	<u>1,331,034</u>	<u>9,687,839</u>
Excess of revenues over expenditures	<u>433,144</u>	<u>9,316</u>	<u>442,460</u>
Other financing sources (uses):			
Transfers in	-	16,000	16,000
Transfers (out)	(16,000)	-	(16,000)
Total other financing sources (uses)	<u>(16,000)</u>	<u>16,000</u>	<u>-</u>
Net change in fund balances	417,144	25,316	442,460
Fund balances at beginning of year	<u>2,835,234</u>	<u>1,163,591</u>	<u>3,998,825</u>
Fund balances at end of year	<u>\$ 3,252,378</u>	<u>\$ 1,188,907</u>	<u>\$ 4,441,285</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds	\$	442,460
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 126,912	
Current year depreciation	(658,232)	
Total		(531,320)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	2,315	
Income taxes	(1,287)	
Intergovernmental	64,222	
Total		65,250
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	95,000	
Capital leases	50,519	
Total		145,519
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	806	
Amortization of bond premiums	7,502	
Amortization of deferred charges	(5,839)	
Total		2,469
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		16,668
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities.		
		(1,820)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		675,037
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(432,504)
Change in net position of governmental activities	\$	381,759

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,493,847	\$ 1,560,000	\$ 1,764,315	\$ 204,315
Income taxes	801,920	834,159	859,806	25,647
Tuition	694,123	719,729	682,922	(36,807)
Earnings on investments	1,601	1,707	2,825	1,118
Classroom materials and fees	3,395	3,500	2,791	(709)
Rental income	4,592	4,750	4,226	(524)
Contributions and donations	274	274	-	(274)
Other local revenues	89,708	52,000	61,136	9,136
Intergovernmental - state	5,081,323	5,278,020	5,245,944	(32,076)
Total revenues	8,170,782	8,454,139	8,623,965	169,826
Expenditures:				
Current:				
Instruction:				
Regular	3,304,254	3,304,254	3,294,418	9,836
Special	1,108,374	1,108,374	906,303	202,071
Vocational	146,982	146,982	155,321	(8,339)
Other	572,622	572,622	642,742	(70,120)
Support services:				
Pupil	441,586	441,586	430,408	11,178
Instructional staff	336,082	352,993	357,916	(4,923)
Board of education	24,588	24,588	23,753	835
Administration	709,128	709,128	769,854	(60,726)
Fiscal	255,632	255,632	265,557	(9,925)
Business	5,508	5,508	3,576	1,932
Operations and maintenance	991,093	1,002,093	875,983	126,110
Pupil transportation	487,751	487,751	523,064	(35,313)
Central	750	750	1,755	(1,005)
Other operation of non-instructional services	54,023	54,023	48,648	5,375
Extracurricular activities	229,219	229,219	227,594	1,625
Facilities acquisition and construction	52,734	52,734	191,004	(138,270)
Total expenditures	8,720,326	8,748,238	8,717,896	30,342
Excess of expenditures over revenues	(549,544)	(294,099)	(93,931)	200,168
Other financing sources (uses):				
Refund of prior year's expenditures	72,611	72,611	75,926	3,315
Transfers (out)	(76,000)	(76,000)	(82,091)	(6,091)
Sale of capital assets	3,250	3,250	6,284	3,034
Total other financing sources (uses)	(139)	(139)	119	258
Net change in fund balance	(549,683)	(294,238)	(93,812)	200,426
Fund balance at beginning of year	2,732,590	2,732,590	2,732,590	-
Prior year encumbrances appropriated	170,354	170,354	170,354	-
Fund balance at end of year	\$ 2,353,261	\$ 2,608,706	\$ 2,809,132	\$ 200,426

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 46,811	\$ 101,023
	<u> </u>	<u> </u>
Total current assets	46,811	101,023
Noncurrent assets:		
Depreciable capital assets, net	5,525	-
	<u> </u>	<u> </u>
Total assets.	<u>52,336</u>	<u>101,023</u>
Liabilities:		
Claims payable	-	5,596
	<u> </u>	<u> </u>
Total current liabilities	-	5,596
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>5,596</u>
Net position:		
Investment in capital assets	5,525	-
Unrestricted.	46,811	95,427
	<u> </u>	<u> </u>
Total net position.	<u>\$ 52,336</u>	<u>\$ 95,427</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Charges for Services	\$ 13,159	\$ -
Other	-	66,221
Total operating revenues	<u>13,159</u>	<u>66,221</u>
Operating expenses:		
Purchased services	-	4,934
Materials and supplies	3,778	-
Other	4,001	-
Claims	-	63,107
Depreciation	850	-
Total operating expenses	<u>8,629</u>	<u>68,041</u>
Operating income (loss)	<u>4,530</u>	<u>(1,820)</u>
Change in net position	4,530	(1,820)
Net position at beginning of year	<u>47,806</u>	<u>97,247</u>
Net position at end of year	<u>\$ 52,336</u>	<u>\$ 95,427</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services	\$ 13,159	\$ -
Cash received from other operations	-	66,221
Cash payments for contractual services	-	(4,934)
Cash payments for materials and supplies	(3,778)	-
Cash payments for other expenses	(4,001)	(62,995)
Net cash provided by (used in) operating activities	5,380	(1,708)
Net increase (decrease) in cash and cash cash equivalents	5,380	(1,708)
Cash and cash equivalents at beginning of year	41,431	102,731
Cash and cash equivalents at end of year	\$ 46,811	\$ 101,023
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 4,530	\$ (1,820)
Adjustments:		
Depreciation.	850	-
Changes in assets and liabilities:		
Decrease in accounts payable	-	(141)
Increase in claims payable	-	253
Net cash provided by (used in) operating activities.	\$ 5,380	\$ (1,708)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2015**

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 24,353
Total assets.	\$ 24,353
Liabilities:	
Intergovernmental payable	\$ 15
Due to students.	24,338
Total liabilities	\$ 24,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Plymouth-Shiloh Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. This Board controls the District's 4 instructional/support facilities staffed by 43 classified and 77 certified full-time teaching personnel, who provide services to 794 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, one educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG 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. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2015, the District paid \$87,757 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (PCTC)

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875.

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Benefits Cooperative

The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 24 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be District and/or educational service center administrators. The Muskingum Valley Education Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible districts or groups of districts join them for the same purposes. Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of Education Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. The District elected to participate in the joint insurance purchasing program for medical coverage.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one enterprise fund to account for the special enterprises. This fund is considered a nonmajor enterprise fund.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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

D. Basis of Accounting

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except Agency funds). The specific timetable for fiscal year 2015 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2015.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2015; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or policy of the Board of Education. Investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$2,919 which includes \$494 assigned from other funds.

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

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On the fund financial statements, materials and supplies is equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market.

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	10 - 20 years	
Buildings and improvements	30 - 40 years	
Furniture and equipment	5 - 20 years	10 years
Vehicles	8 - 15 years	

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental and business-type activities column on the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year end.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees age 50 with at least 10 years of service and all employees with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service and enterprise funds are reported on the proprietary fund financial statements.

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

L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

On fund financial statements and the government wide financial statements, issuance costs are expended/expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.C.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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

N. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for sales and services and other revenues. Operating expenses for the enterprise fund include purchased services and other expenses related to the operations of the special enterprises fund and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

O. Net Position

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

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

P. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, prepayments are equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

Q. Estimates

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

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for school bus purchases. This restricted asset is required by State statute. A schedule of statutory set-asides is presented in Note 20.

S. Interfund Activity

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

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2015, neither type of transaction occurred.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 15 to the financial statements, and added required supplementary information which is presented on pages 71 - 76.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 20,095,198
Deferred outflows - payments subsequent to measurement date	604,410
Net pension liability	(12,214,837)
Restated net position at July 1, 2014	\$ 8,484,771

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I	\$ 23,672
Improving teacher quality	126

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$555 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Cash with Escrow Agent

At fiscal year end, the District had \$314,264 in cash and investments held by U.S. Bank in relation to the lease-purchase agreement discussed in Note 11. This amount is included in the basic financial statements as "cash with escrow agent".

C. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$66,497. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$204,339 of the District's bank balance of \$204,339 was covered by the FDIC.

D. Investments

As of June 30, 2015, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 4,441,302	\$ 4,441,302

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by encouraging diversification to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4,441,302	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 66,497
Investments	4,441,302
Cash on hand	555
Cash with escrow agent	<u>314,264</u>
Total	<u>\$ 4,822,618</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,751,454
Business type activities	46,811
Agency fund	<u>24,353</u>
Total	<u>\$ 4,822,618</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	\$ <u>16,000</u>
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Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Richland, Crawford and Huron Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$395,693 in the general fund, \$30,854 in the debt service fund (a nonmajor governmental fund) and \$6,680 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$268,927 in the general fund, \$22,085 in the debt service fund (a nonmajor governmental fund) and \$4,938 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 68,440,940	95.50	\$ 84,232,900	96.16
Public utility personal	<u>3,221,850</u>	<u>4.50</u>	<u>3,360,970</u>	<u>3.84</u>
Total	<u>\$ 71,662,790</u>	<u>100.00</u>	<u>\$ 87,593,870</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$32.80		\$32.80	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the May 8, 1990 election that became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2015 was \$843,213.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, income taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 1,849,156
Income taxes	324,314
Accrued interest	426
Intergovernmental	<u>153,647</u>
Total	<u>\$ 2,327,543</u>

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 9 - CAPITAL ASSETS

- A. Governmental activities capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 917,885	\$ -	\$ -	\$ 917,885
Total capital assets, not being depreciated	<u>917,885</u>	<u>-</u>	<u>-</u>	<u>917,885</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	544,026	-	-	544,026
Buildings and improvements	21,080,443	-	-	21,080,443
Furniture and equipment	1,540,028	-	-	1,540,028
Vehicles	900,472	126,912	-	1,027,384
Total capital assets, being depreciated	<u>24,064,969</u>	<u>126,912</u>	<u>-</u>	<u>24,191,881</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(446,771)	(26,313)	-	(473,084)
Buildings and improvements	(4,853,535)	(483,604)	-	(5,337,139)
Furniture and equipment	(1,096,050)	(92,511)	-	(1,188,561)
Vehicles	(711,546)	(55,804)	-	(767,350)
Total accumulated depreciation	<u>(7,107,902)</u>	<u>(658,232)</u>	<u>-</u>	<u>(7,766,134)</u>
Governmental activities capital assets, net	<u>\$ 17,874,952</u>	<u>\$ (531,320)</u>	<u>\$ -</u>	<u>\$ 17,343,632</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 321,684
Special	21,877
Vocational	26,134
<u>Support services:</u>	
Pupil	2,844
Instructional staff	20,519
Administration	15,295
Operations and maintenance	93,116
Pupil transportation	40,563
Extracurricular activities	50,876
Food service operations	65,324
Total depreciation expense	<u>\$ 658,232</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance 06/30/14	Additions	Disposals	Balance 06/30/15
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 8,500	\$ -	\$ -	\$ 8,500
Total capital assets, being depreciated	8,500	-	-	8,500
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(2,125)	(850)	-	(2,975)
Total accumulated depreciation	(2,125)	(850)	-	(2,975)
Business-type activities capital assets, net	\$ 6,375	\$ (850)	\$ -	\$ 5,525

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2013, the District entered into a capital lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$149,818, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2015 was \$89,892, leaving a current book value of \$59,926. Principal payments in the 2015 fiscal year totaled \$29,519. This amount is reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 33,786
2017	33,786
2018	5,631
Total minimum lease payments	73,203
Less: amount representing interest and fees	(3,962)
Total	\$ 69,241

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 11 - LEASE-PURCHASE AGREEMENT

During fiscal years 2007 and 2008, the District entered into two lease-purchase agreements with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the local share of the Ohio School Facilities Commission project. U.S. Bank has been designated as a trustee for the agreements. These leases were used for school facility improvements and the purchase of land. Assets related to the lease-purchase agreements have been capitalized in the amount of \$460,000. The outstanding liability associated with these assets was \$375,000 at June 30, 2015. As of June 30, 2015, \$296,000 of the lease-purchase agreement proceeds remained unspent. The liability associated with the unspent proceeds was \$254,000. Lease-purchase payments have been reflected as debt service expenditures in the general fund. Principal and interest payments in fiscal year 2015 totaled \$21,000 and \$31,734, respectively.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2015.

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ 51,712
2017	52,170
2018	52,041
2019	51,888
2020	51,660
2021 - 2025	257,961
2026 - 2030	253,925
2031 - 2035	<u>193,607</u>
Total minimum lease payments	964,964
Less: amount representing interest	<u>(335,964)</u>
Present value of minimum lease payments	<u>\$ 629,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

A. During fiscal year 2000, the District issued \$1,761,000 in general obligation bonds to provide long-term financing for the renovation of the elementary school and the construction of a new middle school/ high school building. These bonds bear an annual interest rate of 5.0% and mature in fiscal year 2017.

During fiscal year 2007, the District refunded \$875,000 of the current interest bonds.

Payments of principal and interest relating to this liability are recorded as an expenditure in the debt service fund. The unmatured obligation at year end is accounted for in the governmental activities long-term obligations.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2015 on the Series 2000 general obligation refunding bonds:

	Interest Rate	Maturity Date	Balance Outstanding 06/30/14	Additions	Reductions	Balance Outstanding 06/30/15	Amounts Due in One Year
General obligation bond payable - Facilities Building	5.00%	12/01/16	\$ 270,000	\$ -	\$ (85,000)	\$ 185,000	\$ 90,000

The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending June 30,	Principal on Bond	Interest on Bond	Total
2016	\$ 90,000	\$ 6,800	\$ 96,800
2017	95,000	6,700	101,700
Total	\$ 185,000	\$ 13,500	\$ 198,500

- B.** On October 26, 2006, the District issued general obligation bonds (Series 2007 General Obligation Refunding Bonds) to advance refund the callable portion of the Series 2000 Current Interest General Obligation Bonds (principal \$875,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds, par value \$850,000, and capital appreciation bonds, par value \$25,000. The capital appreciation bonds matured December 1, 2011 and December 1, 2012 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$175,000. As of fiscal year 2013, both capital appreciation bonds have matured. The balance of the refunded current interest bonds at June 30, 2015, is \$475,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022.

The following is a schedule of activity for fiscal year 2015 on the Series 2007 general obligation refunding bonds:

	Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Amounts Due in One Year
Current interest bonds	\$ 755,000	\$ -	\$ (10,000)	\$ 745,000	\$ 10,000

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$93,912. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2007 general obligation refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2016	\$ 10,000	\$ 30,650	\$ 40,650
2017	10,000	30,250	40,250
2018	110,000	29,850	139,850
2019	115,000	25,175	140,175
2020	115,000	20,288	135,288
2021 - 2023	385,000	31,600	416,600
Total	<u>\$ 745,000</u>	<u>\$ 167,813</u>	<u>\$ 912,813</u>

- C. During the fiscal year 2015, the following changes occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

	Restated Balance Outstanding <u>06/30/14</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/15</u>	Amount Due in <u>One Year</u>
Governmental activities:					
General obligation bonds payable - Series 2000	\$ 270,000	\$ -	\$ (85,000)	\$ 185,000	\$ 90,000
General obligation bonds payable - Series 2007	755,000	-	(10,000)	745,000	10,000
Net pension liability	12,214,837	-	(1,937,074)	10,277,763	-
Lease purchase agreement	650,000	-	(21,000)	629,000	21,000
Capital leases	98,760	-	(29,519)	69,241	31,029
Compensated absences	<u>405,765</u>	<u>63,242</u>	<u>(100,110)</u>	<u>368,897</u>	<u>81,355</u>
Total governmental activities long-term liabilities	<u>\$ 14,394,362</u>	<u>\$ 63,242</u>	<u>\$ (2,182,703)</u>	12,274,901	<u>\$ 233,384</u>
		Add: Unamortized premium		<u>55,644</u>	
		Total on statement of net position		<u>\$ 12,330,545</u>	

Net Pension Liability – See Note 15 for details.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$7,164,462 (including available funds of \$211,014) and an unvoted debt margin of \$87,594.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 15 to 25 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to 3 years at the end of his contract, and the Treasurer who can accumulate vacation for up to 2 years at the end of her contract. Teachers do not earn vacation time. Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund, and the following nonmajor governmental funds: Title VI-B, Title I and the food service fund.

For fiscal year 2015, administrators, teachers and classified employees earn sick leave at a rate of 25% of sick leave balance to a maximum of 81 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

Calamity days are paid for certified, cooks and bus driver employees. Up to five days per year are provided under this benefit.

Personal leave days are available to all employees at the rate of three days annually. Any unused personal days are converted to sick days.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 14 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$36,118,798 100% coinsurance, replacement cost endorsement and a \$0 deductible.

Vehicles are covered by a policy, which provides for a \$0 deductible for comprehensive and a \$0 deductible for collision. Vehicle liability has a \$15,000,000 combined single limit of liability. The District maintains coverage of \$1,000,000 per occurrence for uninsured/underinsured motorists.

The general liability coverage involves a \$15,000,000 single occurrence limit and \$17,000,000 general aggregate limit with no deductible.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer in the amount of \$40,000 and for Superintendent and Board President in the amount of \$20,000. An employee blanket dishonesty bond in the amount of \$100,000 is provided to cover all other employees of the District.

C. Workers' Compensation

During fiscal year 2015, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provided administrative, cost control and actuarial services to the GRP.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through American General in the amount of \$20,000; the Superintendent and Treasurer's coverage is in the amount of \$50,000.

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. The premium for single coverage is \$515.13 and \$1,280.82 for family. Employees pay 12.5% of the premium per negotiated union contracts and cannot be raised, except through negotiated agreement. The medical plan and prescription drug card are administered by Medical Mutual of Ohio located in Cleveland, Ohio.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 14 - RISK MANAGEMENT - (Continued)

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is \$25.00 for single and \$67.00 for family coverage. This premium includes the employee portion, which is paid by the District.

The claims liability of \$5,596 reported in the fund at June 30, 2015, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Balance</u>	<u>and Changes in Estimates</u>	<u>Payments</u>	<u>Balance</u>
2015	\$ 5,343	\$ 63,248	\$ (62,995)	\$ 5,596
2014	5,343	60,581	(60,581)	5,343

The District also provides vision coverage for its employees on a fully-insured basis through VSP. The total monthly premium is \$9.79 for single coverage and \$22.15 for family coverage. This premium includes the employee portion, which is paid by the District. This amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees. Current part-time employees already enrolled in the plan may pay pro-rated premiums for coverage; however, new staff must be full-time to be eligible for coverage.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended 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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$142,703 for fiscal year 2015. Of this amount \$14,138 is reported as pension and post-employment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$532,334 for fiscal year 2015. Of this amount, \$82,964 is reported as pension and post-employment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 1,728,565	\$ 8,549,198	\$ 10,277,763
Proportion of the Net Pension Liability	0.034155%	0.03514795%	
Pension Expense	\$ 100,876	\$ 331,628	\$ 432,504

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 14,712	\$ 82,305	\$ 97,017
School District contributions subsequent to the measurement date	142,703	532,334	675,037
Total Deferred Outflows of Resources	\$ 157,415	\$ 614,639	\$ 772,054
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 280,551	\$ 1,581,634	\$ 1,862,185
Total Deferred Inflows of Resources	\$ 280,551	\$ 1,581,634	\$ 1,862,185

\$675,037 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (66,460)	\$ (374,833)	\$ (441,293)
2017	(66,460)	(374,833)	(441,293)
2018	(66,460)	(374,833)	(441,293)
2019	(66,459)	(374,830)	(441,289)
Total	\$ (265,839)	\$ (1,499,329)	\$ (1,765,168)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.00 percent to 22 percent 3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 2,466,149	\$ 1,728,565	\$ 1,108,194

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease █ (6.75%)	Current Discount Rate █ (7.75%)	1% Increase █ (8.75%)
District's proportionate share of the net pension liability	\$12,239,109	\$ 8,549,198	\$ 5,428,775

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$18,285.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$25,235, \$16,495, and \$17,176, respectively. For fiscal year 2015, 91.14 percent has been contributed, with the balance being reported as pension and post-employment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

Plan Description - The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. 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 which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

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. 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 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$36,936, and \$36,246 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (93,812)
Net adjustment for revenue accruals	115,997
Net adjustment for expenditure accruals	29,876
Net adjustment for other sources/uses	(16,119)
Funds budgeted elsewhere	33,675
Adjustment for encumbrances	<u>347,527</u>
 GAAP basis	 <u>\$ 417,144</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the special trust fund, the uniform school supplies fund, the rotary fund and the termination benefits fund.

NOTE 18 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 19 - GROUP PURCHASING POOL

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program where members save significant amounts on natural gas purchases.

NOTE 20 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	138,426
Current year qualifying expenditures	(274,938)
Current year offsets	<u>(69,577)</u>
Total	<u>\$ (206,089)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

In addition to the above statutory set-asides, the District also has \$25,818 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2015 follows:

Amount restricted for school bus purchases	<u>\$ 25,818</u>
Total restricted cash	<u>\$ 25,818</u>

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 21 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End</u>
General fund	\$ 340,241
Other governmental	<u>24,431</u>
Total	<u>\$ 364,672</u>

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.03415500%	0.03415500%
District's proportionate share of the net pension liability	\$ 1,728,565	\$ 2,031,088
District's covered-employee payroll	\$ 992,496	\$ 1,006,171
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.16%	201.86%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.03514795%	0.03514795%
District's proportionate share of the net pension liability	\$ 8,549,198	\$ 10,183,749
District's covered-employee payroll	\$ 3,591,154	\$ 3,624,554
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	280.97%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 142,703	\$ 137,560	\$ 139,254	\$ 139,580
Contributions in relation to the contractually required contribution	<u>(142,703)</u>	<u>(137,560)</u>	<u>(139,254)</u>	<u>(139,580)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,082,724	\$ 992,496	\$ 1,006,171	\$ 1,037,770
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 137,759	\$ 148,301	\$ 104,818	\$ 100,970	\$ 107,259	\$ 113,866
<u>(137,759)</u>	<u>(148,301)</u>	<u>(104,818)</u>	<u>(100,970)</u>	<u>(107,259)</u>	<u>(113,866)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,095,935	\$ 1,095,281	\$ 1,065,224	\$ 1,028,208	\$ 1,004,298	\$ 1,076,238
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 532,334	\$ 466,850	\$ 471,192	\$ 479,490
Contributions in relation to the contractually required contribution	<u>(532,334)</u>	<u>(466,850)</u>	<u>(471,192)</u>	<u>(479,490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,802,386	\$ 3,591,154	\$ 3,624,554	\$ 3,688,385
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 486,234	\$ 483,644	\$ 462,059	\$ 451,160	\$ 450,465	\$ 454,230
(486,234)	(483,644)	(462,059)	(451,160)	(450,465)	(454,230)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,740,262	\$ 3,720,338	\$ 3,554,300	\$ 3,470,462	\$ 3,465,115	\$ 3,494,077
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
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	10.555	\$ 29,640	\$ 29,640
Cash Assistance:			
School Breakfast Program	10.553	86,327	86,327
National School Lunch Program	10.555	195,188	195,188
Total Child Nutrition Cluster		<u>311,155</u>	<u>311,155</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>311,155</u>	<u>311,155</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	282,073	280,991
Special Education-Grants to States	84.027	163,092	163,092
Improving Teacher Quality State Grants	84.367	55,836	55,836
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	<u>2,054</u>	<u>2,054</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>503,055</u>	<u>501,973</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 814,210</u>	<u>\$ 813,128</u>

The accompanying notes are an integral part of this schedule.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Plymouth-Shiloh 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

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2016, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 8, 2016



Dave Yost • Auditor of State

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

Plymouth-Shiloh Local School District
Richland County
365 Sandusky Street
Plymouth, Ohio 44865

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Plymouth-Shiloh Local School District's, Richland County, Ohio, (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Plymouth-Shiloh Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

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 the 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 over 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

February 8, 2016

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT

RICHLAND 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
MARCH 17, 2016