



Dave Yost • Auditor of State



**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

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CLARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Southeastern Local School District  
Clark County, Ohio  
226 Clifton Road  
South Charleston, Ohio 45368

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Southeastern Local School District, Clark 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Southeastern Local School District, Clark County, Ohio, as of June 30, 2015, and the respective changes in financial position 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 22 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 the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 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 initial "D".

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

April 22, 2016

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**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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The discussion and analysis of Southeastern Local School District's 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- Net position of governmental activities increased \$500,079 which represents a 30% increase from 2014.
- General revenues accounted for \$7,333,943 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,564,381 or 18% of total revenues of \$8,898,324.
- The District had \$8,398,245 in expenses related to governmental activities; \$1,564,381 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$7,333,943 were also used to provide for these programs.

### **Overview of the 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 *Government-wide Financial Statements* 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. The General Fund is the major fund of the District.

### **Government-Wide Financial Statements**

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 Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

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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 has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities – All of the District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds are presented in the Fund Financial Statements. 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.

**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.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**The District as a Whole**

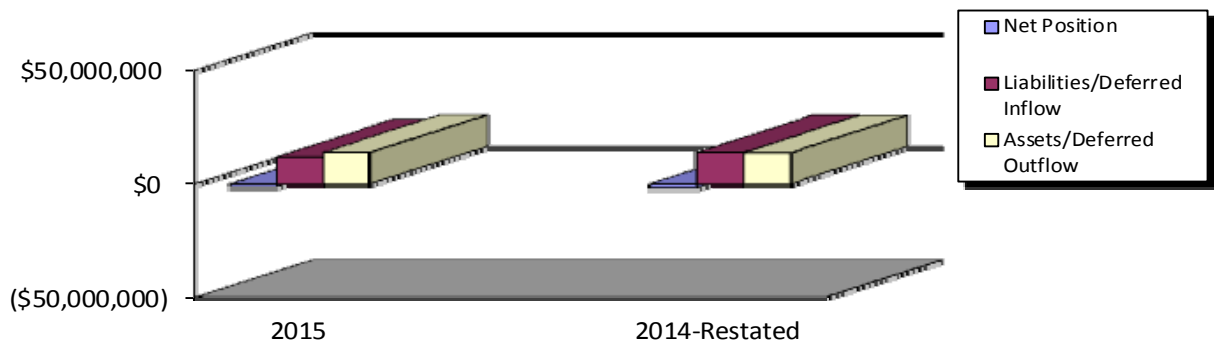
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2015 compared to 2014:

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**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
(Unaudited)

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

	Governmental Activities	
	2015	2014-Restated
<b>Assets:</b>		
Current and Other Assets	\$9,800,991	\$9,801,110
Capital Assets	4,093,511	3,932,631
<b>Total Assets</b>	<b>13,894,502</b>	<b>13,733,741</b>
<b>Deferred Outflows of Resources:</b>		
Pension	761,483	610,022
<b>Total Deferred Outflows of Resources</b>	<b>761,483</b>	<b>610,022</b>
<b>Liabilities:</b>		
Other Liabilities	888,634	909,888
Long-Term Liabilities	11,013,020	12,930,559
<b>Total Liabilities</b>	<b>11,901,654</b>	<b>13,840,447</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	2,178,962	2,191,315
Pension	1,763,289	0
<b>Total Deferred Inflows of Resources</b>	<b>3,942,251</b>	<b>2,191,315</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	3,193,684	2,874,260
Restricted	433,172	920,866
Unrestricted	(4,814,776)	(5,483,125)
<b>Total Net Position</b>	<b>(\$1,187,920)</b>	<b>(\$1,687,999)</b>



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

**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

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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.

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.

**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

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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 \$9,253,787 to \$(1,687,999).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$(1,187,920).

At year-end, capital assets represented 28% 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 \$3,193,684. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$433,172 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased from the prior year mainly due to an increase in taxes receivable. Long-term liabilities decreased due to the decrease to the Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2015 and 2014.

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**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
(Unaudited)

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

	Governmental Activities	
	2015	2014-Restated
Revenues:		
Program Revenues		
Charges for Services	\$679,092	\$728,258
Operating Grants, Contributions	885,289	621,374
General Revenues:		
Income Taxes	974,201	1,003,717
Property Taxes	2,895,154	2,873,530
Grants and Entitlements	3,268,530	3,551,345
Investment Earnings	20,426	11,779
Other	175,632	49,655
<b>Total Revenues</b>	<b>8,898,324</b>	<b>8,839,658</b>
Program Expenses:		
Instruction	5,367,688	5,769,712
Support Services:		
Pupil and Instructional Staff	591,264	534,519
School Administrative, General		
Administration, and Fiscal	834,200	811,852
Operations and Maintenance	531,151	506,653
Pupil Transportation	409,455	377,777
Central	47,812	51,111
Operation of Non-Instructional Services	179,211	161,126
Extracurricular Activities	376,258	348,523
Interest and Fiscal Charges	61,206	73,560
<b>Total Program Expenses</b>	<b>8,398,245</b>	<b>8,634,833</b>
Change in Net Position	500,079	204,825
Net Position - Beginning of Year, Restated	(1,687,999)	N/A
Net Position - End of Year	(\$1,187,920)	(\$1,687,999)

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 expenses still include pension expense of \$610,022 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 expenses of \$471,764. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
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(Unaudited)

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Total 2015 program expenses under GASB 68	\$8,398,245
Program expenses under GASB 68	(471,764)
2015 contractually required contributions	669,613
Adjusted 2015 program expenses	<u>8,596,094</u>
Total 2014 program expenses under GASB 27	<u>8,634,833</u>
Decrease in program expenses not related to pension	<u><u>(\$38,739)</u></u>

The District revenues are mainly from three sources. Income taxes, property taxes levied for general and capital projects purposes and grants and entitlements comprised 80% of the District's revenues for governmental activities.

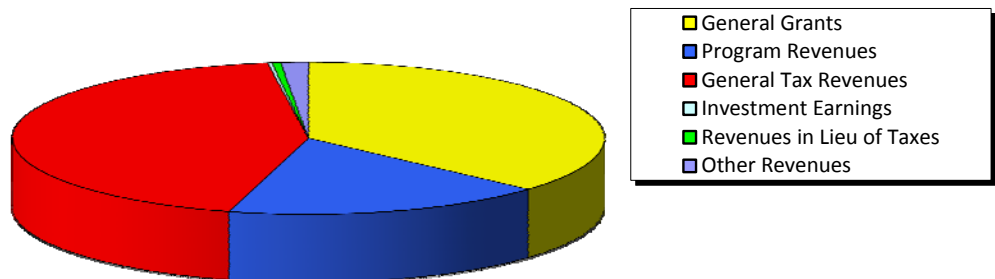
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 33% of revenue for governmental activities for the District in fiscal year 2015.

**Governmental Activities**  
**Revenue Sources**

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	<u>2015</u>	<u>Percentage</u>
General Grants	\$3,268,530	36.73%
Program Revenues	1,564,381	17.58%
General Tax Revenues	3,869,355	43.48%
Investment Earnings	20,426	0.23%
Revenues in Lieu of Taxes	42,970	0.48%
Other Revenues	<u>132,662</u>	<u>1.50%</u>
Total Revenue Sources	<u><u>\$8,898,324</u></u>	<u><u>100.00%</u></u>



**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
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(Unaudited)

Instruction comprises 64% of governmental program expenses. Support services expenses were 29% of governmental program expenses. All other expenses including interest expense were 7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues increased from the prior year due to an increase in operation grants and contributions and charges for services. General revenues decreased due to a decrease in grants and entitlements.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$5,367,688	\$5,769,712	(\$4,118,333)	(\$4,704,470)
Support Services:				
Pupil and Instructional Staff	591,264	534,519	(554,473)	(534,519)
School Administrative, General Administration, and Fiscal Operations and Maintenance	834,200	811,852	(831,939)	(811,852)
Pupil Transportation	531,151	506,653	(531,151)	(506,653)
Central	409,455	377,777	(378,879)	(377,777)
Operation of Non-Instructional Services	47,812	51,111	(47,812)	(37,065)
Extracurricular Activities	179,211	161,126	(43,325)	(30,902)
Interest and Fiscal Charges	376,258	348,523	(266,746)	(208,403)
	61,206	73,560	(61,206)	(73,560)
Total Expenses	<u>\$8,398,245</u>	<u>\$8,634,833</u>	<u>(\$6,833,864)</u>	<u>(\$7,285,201)</u>

**The District's Funds**

The District has one major governmental fund: the General Fund. Assets of the General Fund comprised \$9,421,760 (93%) of the total \$10,073,463 governmental funds' assets.

**General Fund:** Fund balance at June 30, 2015 was \$6,421,254 including \$6,366,250 of unassigned balance. The District had an increase in fund balance of \$524,079. One of the causes for the increase in fund balance was an increase in intergovernmental revenue.



**Southeastern Local School District, Clark County, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
(Unaudited)

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**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.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$7,610,314, compared to original budget estimates of \$7,610,314, while the actual revenue had a difference of \$248,974 from the final budget basis revenues due to conservative estimates for taxes, and intergovernmental revenue.

The District’s unobligated cash balance for the General Fund was \$5,932,765.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2015, the District had \$4,093,511 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to fiscal year 2014:

**Table 4**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Land	\$11,000	\$11,000
Land Improvements	261,403	246,028
Buildings and Improvements	3,276,187	3,195,802
Furniture and Equipment	259,415	162,526
Vehicles	285,506	317,275
Total Net Capital Assets	<u>\$4,093,511</u>	<u>\$3,932,631</u>

Total Net Capital Assets increased in 2015 as compared to 2014 because depreciation expense was less than current year additions. See Note 10 to the Basic Financial Statements for further details on the District’s capital assets.

**Debt**

At June 30, 2015, the District had \$918,602 in debt outstanding, \$147,595 due within one year. Table 5 summarizes total debt outstanding.

**Southeastern Local School District, Clark County, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
(Unaudited)

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

	<u>2015</u>	<u>2014</u>
General Obligation Bonds Payable:		
Refunding Bonds		
Serial Bonds	\$98,000	\$147,000
Capital Appreciation Bonds - Principal	19,897	19,897
Capital Appreciation Bonds - Accreted Interest	13,769	8,037
HB 264 Bonds		
Serial Bonds	52,000	78,000
Capital Appreciation Bonds - Principal	7,236	7,236
Capital Appreciation Bonds - Accreted Interest	5,006	2,921
School Construction Bonds	650,000	704,000
Premium on Bonds	<u>16,330</u>	<u>20,862</u>
Capital Leases:		
Capital Leases	<u>56,364</u>	<u>70,418</u>
Total Outstanding Debt at Year End	<u><u>\$918,602</u></u>	<u><u>\$1,058,371</u></u>

See Note 15 to the Basic Financial Statements for further details on the District’s obligations.

**For the Future**

District Administration continue to review and explore cost saving measures to eliminate/reduce future deficits. In addition to sharing service with both the Superintendent and Treasurer Positions in fiscal year 2012, Southeastern shared Special Education Supervisor Services with Greenon Local School District in 2014 and shared Psychological Service with Greenon Local School District in 2015. Administration is constantly searching for other opportunities to save the District money while providing the students the best education possible.

At this time, the District does not need to request additional local monies to maintain our consistently increasing test scores and academic excellence. There will be a time that additional local monies will be needed. The District valuation consists mostly of a residential and agricultural tax base, thus shifting more of the financial responsibility to our taxpayers.

Externally, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward School Districts with little property tax wealth. We are awaiting a new biennial budget, which includes a school funding provision for fiscal years FY 16 and FY 17.

In FY2016, the Greenon Local School District mechanic will be also be working as the mechanic at Souteastern Local School District.

In conclusion, the Southeastern Local School District has committed itself to financial excellence for many years. The District’s primary goal is to be proactive in dealing with the financial woes of the State

**Southeastern Local School District, Clark County, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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and the current economy. The School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer, Southeastern Local Schools, 226 Clifton Road, South Charleston, Ohio 45368. Also see: [www.sels.us](http://www.sels.us).

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Southeastern Local School District, Clark County, Ohio  
Statement of Net Position  
June 30, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$6,872,009
Receivables (Net):	
Taxes	2,901,046
Interest	5,750
Intergovernmental	21,246
Inventory	940
Nondepreciable Capital Assets	11,000
Depreciable Capital Assets, Net	<u>4,082,511</u>
 Total Assets	 <u>13,894,502</u>
 Deferred Outflows of Resources:	
Pension	<u>761,483</u>
 Total Deferred Outflows of Resources	 <u>761,483</u>
 Liabilities:	
Accounts Payable	36,269
Accrued Wages and Benefits	848,398
Accrued Interest Payable	3,967
Long-Term Liabilities:	
Due Within One Year	176,338
Due In More Than One Year	
Net Pension Liability	9,742,131
Other Amounts	<u>1,094,551</u>
 Total Liabilities	 <u>11,901,654</u>
 Deferred Inflows of Resources:	
Property Taxes	2,178,962
Pension	<u>1,763,289</u>
 Total Deferred Inflows of Resources	 <u>3,942,251</u>
 Net Position:	
Net Investment in Capital Assets	3,193,684
Restricted for:	
Capital Projects	357,980
Athletics	63,304
State Grants	7,934
Federal Grants	95
Other Purposes	3,859
Unrestricted	<u>(4,814,776)</u>
 Total Net Position	 <u><u>(\$1,187,920)</u></u>

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$3,989,062	\$507,956	\$38,378	(\$3,442,728)
Special	1,151,644	6,457	667,788	(477,399)
Vocational	216,743	0	28,776	(187,967)
Other	10,239	0	0	(10,239)
Support Services:				
Pupil	357,996	0	0	(357,996)
Instructional Staff	233,268	0	36,791	(196,477)
General Administration	21,204	0	0	(21,204)
School Administration	522,480	0	2,261	(520,219)
Fiscal	290,516	0	0	(290,516)
Operations and Maintenance	531,151	0	0	(531,151)
Pupil Transportation	409,455	0	30,576	(378,879)
Central	47,812	0	0	(47,812)
Operation of Non-Instructional Services	179,211	55,167	80,719	(43,325)
Extracurricular Activities	376,258	109,512	0	(266,746)
Interest and Fiscal Charges	61,206	0	0	(61,206)
<b>Total Governmental Activities</b>	<b>\$8,398,245</b>	<b>\$679,092</b>	<b>\$885,289</b>	<b>(6,833,864)</b>

<b>General Revenues:</b>	
Income Taxes	974,201
Property Taxes Levied for:	
General Purposes	2,688,539
Capital Project Purposes	206,615
Grants and Entitlements, Not Restricted	3,268,530
Revenue in Lieu of Taxes	42,970
Investment Earnings	20,426
Other Revenues	132,662
<b>Total General Revenues</b>	<b>7,333,943</b>
Change in Net Position	500,079
Net Position - Beginning of Year, Restated	(1,687,999)
<b>Net Position - End of Year</b>	<b>(\$1,187,920)</b>

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$6,436,206	\$435,803	\$6,872,009
<b>Receivables (Net):</b>			
Taxes	2,713,082	187,964	2,901,046
Interest	0	5,750	5,750
Intergovernmental	0	21,246	21,246
Interfund	272,472	0	272,472
Inventory	0	940	940
<b>Total Assets</b>	<b>9,421,760</b>	<b>651,703</b>	<b>10,073,463</b>
<b>Liabilities:</b>			
Accounts Payable	11,682	24,587	36,269
Accrued Wages and Benefits	790,343	58,055	848,398
Interfund Payable	0	272,472	272,472
<b>Total Liabilities</b>	<b>802,025</b>	<b>355,114</b>	<b>1,157,139</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	2,123,797	173,583	2,297,380
Income Taxes	74,684	0	74,684
Grants and Other Taxes	0	95	95
Investment Earnings	0	4,107	4,107
<b>Total Deferred Inflows of Resources</b>	<b>2,198,481</b>	<b>177,785</b>	<b>2,376,266</b>
<b>Fund Balances:</b>			
Restricted	0	424,648	424,648
Assigned	55,004	0	55,004
Unassigned	6,366,250	(305,844)	6,060,406
<b>Total Fund Balances</b>	<b>6,421,254</b>	<b>118,804</b>	<b>6,540,058</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$9,421,760</b>	<b>\$651,703</b>	<b>\$10,073,463</b>

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2015

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Total Governmental Fund Balance		\$6,540,058
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		4,093,511
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	\$74,684	
Delinquent Property Taxes	118,418	
Interest	4,107	
Intergovernmental	95	
		<u>197,304</u>
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(3,967)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(352,287)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$761,483	
Deferred inflows of resources related to pensions	<u>(1,763,289)</u>	
		(1,001,806)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(\$9,742,131)	
Other Amounts	<u>(918,602)</u>	
		<u>(10,660,733)</u>
Net Position of Governmental Activities		<u>(\$1,187,920)</u>

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$2,584,196	\$208,708	\$2,792,904
Income Taxes	1,085,507	0	1,085,507
Tuition and Fees	481,808	0	481,808
Investment Earnings	0	16,319	16,319
Intergovernmental	3,574,662	636,214	4,210,876
Extracurricular Activities	3,774	106,074	109,848
Charges for Services	32,605	55,167	87,772
Revenue in Lieu of Taxes	42,970	0	42,970
Other Revenues	110,133	22,191	132,324
<b>Total Revenues</b>	<b>7,915,655</b>	<b>1,044,673</b>	<b>8,960,328</b>
Expenditures:			
Current:			
Instruction:			
Regular	3,872,032	445,157	4,317,189
Special	794,369	414,554	1,208,923
Vocational	217,560	6,250	223,810
Other	10,489	0	10,489
Support Services:			
Pupil	368,399	0	368,399
Instructional Staff	196,430	38,711	235,141
General Administration	21,760	0	21,760
School Administration	531,234	2,579	533,813
Fiscal	268,580	4,317	272,897
Operations and Maintenance	521,526	22,417	543,943
Pupil Transportation	328,782	14,591	343,373
Central	32,648	310	32,958
Operation of Non-Instructional Services	0	176,445	176,445
Extracurricular Activities	206,612	164,609	371,221
Capital Outlay	3,500	0	3,500
Debt Service:			
Principal Retirement	14,054	129,000	143,054
Interest and Fiscal Charges	3,601	50,353	53,954
<b>Total Expenditures</b>	<b>7,391,576</b>	<b>1,469,293</b>	<b>8,860,869</b>
<b>Net Change in Fund Balance</b>	<b>524,079</b>	<b>(424,620)</b>	<b>99,459</b>
<b>Fund Balance - Beginning of Year</b>	<b>5,897,175</b>	<b>543,424</b>	<b>6,440,599</b>
<b>Fund Balance - End of Year</b>	<b>\$6,421,254</b>	<b>\$118,804</b>	<b>\$6,540,058</b>

See accompanying notes to the basic financial statements.



Southeastern Local School District, Clark County, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

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Net Change in Fund Balance - Total Governmental Funds \$99,459

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$514,727	
Depreciation Expense	<u>(353,847)</u>	
		160,880

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	\$669,613	
Cost of benefits earned net of employee contributions	<u>(471,764)</u>	
		197,849

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

Income Taxes	(\$111,306)	
Delinquent Property Taxes	102,250	
Interest	4,107	
Intergovernmental	<u>(57,055)</u>	
		(62,004)

Repayment of bond principal and Capital Leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

143,054

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.

(3,967)

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

Compensated Absences	(\$31,907)	
Amortization of Bond Premium	4,532	
Bond Accretion	<u>(7,817)</u>	
		<u>(35,192)</u>

Change in Net Position of Governmental Activities		<u><u>\$500,079</u></u>
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See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,537,666	\$3,537,666	\$3,653,402	\$115,736
Revenue in lieu of taxes	41,318	41,318	42,670	1,352
Tuition and Fees	472,102	472,102	487,547	15,445
Intergovernmental	3,461,711	3,461,711	3,574,962	113,251
Other Revenues	97,517	97,517	100,707	3,190
Total Revenues	7,610,314	7,610,314	7,859,288	248,974
Expenditures:				
Current:				
Instruction:				
Regular	4,213,043	3,966,771	3,831,055	135,716
Special	916,112	862,561	833,050	29,511
Vocational	229,862	216,426	209,021	7,405
Other	11,535	10,861	10,489	372
Support Services:				
Pupil	397,197	373,979	361,184	12,795
Instructional Staff	215,141	202,565	195,635	6,930
General Administration	23,930	22,531	21,760	771
School Administration	584,058	549,917	531,103	18,814
Fiscal	298,399	280,956	271,344	9,612
Operations and Maintenance	628,550	591,809	571,561	20,248
Pupil Transportation	359,480	338,467	326,887	11,580
Central	17,151	16,148	15,596	552
Extracurricular Activities	227,474	214,177	206,849	7,328
Capital Outlay	3,849	3,624	3,500	124
Debt Service:				
Principal Retirement	15,455	14,552	14,054	498
Interest and Fiscal Charges	3,960	3,729	3,601	128
Total Expenditures	8,145,196	7,669,073	7,406,689	262,384
Excess of Revenues Over (Under) Expenditures	(534,882)	(58,759)	452,599	511,358
Other Financing Sources (Uses):				
Advances In	235,243	235,243	242,939	7,696
Advances (Out)	(306,875)	(288,936)	(279,051)	9,885
Total Other Financing Sources (Uses)	(71,632)	(53,693)	(36,112)	17,581
Net Change in Fund Balance	(606,514)	(112,452)	416,487	528,939
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,516,278	5,516,278	5,516,278	0
Fund Balance End of Year	\$4,909,764	\$5,403,826	\$5,932,765	\$528,939

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
Assets:		
Equity in Pooled Cash and Investments	<u>          \$0          </u>	<u>          \$35,836          </u>
Total Assets	<u>          0          </u>	<u>          35,836          </u>
Liabilities:		
Other Liabilities	<u>          0          </u>	<u>          35,836          </u>
Total Liabilities	<u>          0          </u>	<u>          \$35,836          </u>
Net Position:		
Held in Trust	<u>          0          </u>	
Total Net Position	<u>          \$0          </u>	

See accompanying notes to the basic financial statements.

Southeastern Local School District, Clark County, Ohio  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Fiscal Year Ended June 30, 2015

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	Private Purpose Trust
Additions:	
Donations	<u>\$2,500</u>
Total Additions	<u>2,500</u>
Deductions:	
Scholarships	<u>2,500</u>
Total Deductions	<u>2,500</u>
Change in Net Position	0
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u>\$0</u>

See accompanying notes to the basic financial statements.

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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Southeastern Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal guidelines. This Board of Education controls the School District's three instructional/support facilities staffed by thirty-three non-certified, fifty-six certificated full-time teaching personnel and four administrative employees who provide services to seven hundred forty-three students and other community members.

Reporting Entity

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

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

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Notes 17 and 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Clark County Family and Children First Council (the "Council")
- Springfield Clark County Career Technology Center (CTC)
- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Council (SOEPC)

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP)

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

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The financial statements of Southeastern Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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accounting and financial reporting principles. The School District's more significant accounting policies are described below.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, debt service expenditures, as well as compensated absences, are recorded only when payment is due.

Property taxes, grants and entitlements, tuition, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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*Fund Accounting*

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

*Governmental Funds*

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

The School District reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Fiduciary Funds*

*Fiduciary fund* reporting focuses on net position and changes in net position. The School District maintains one private purpose trust fund and two fiduciary funds to account for student scholarships, Cafeteria Employee Plan and the Students Activities. The Student Scholarship Fund receives private donations and disburses those donations in accordance with the criteria dictated by the donor. The Cafeteria Employee Plan was established to account for activity related to certain employee requested benefits. The Student Activities Fund was established to account for revenues generated by student managed activities. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use the restricted resources first, and then unrestricted resources, as they are needed.

**Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year with the legal restriction that assignment by fund cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds other than the general fund which is at the fund/function level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Tax Budget** 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

**Estimated Resources** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the final budget column of the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

**Appropriations** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, eight supplemental appropriations were legally enacted; however, these amendments were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device by the Board of Education during the year for all funds, other than agency funds, at the fund level other than the general fund which is at the fund/function level, consistent with statutory provisions.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as an assignment of fund balance for subsequent-year expenditures for general fund and as restricted or committed fund balances for all other governmental funds.

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



**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the statement of net position and governmental fund balance sheet.

During fiscal year 2015, investments were limited to Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit (negotiable CDs) and U.S. government money market mutual funds. Investments are reported at fair value which is based on quoted market prices.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the other governmental fund during fiscal year 2015 totaled \$16,319.

**Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the statement of net position.

**Inventory**

Inventories are stated at cost and determined on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased.

**Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and vehicles, are reported on the government-wide statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold \$1,500. The School District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also not capitalized.

Depreciation is computed using the straight-line method over the following useful life of three to ten years, with building improvements being depreciated over twenty years and buildings over fifty years. Improvements to fund capital assets are depreciated over the remaining useful lives of the related assets.

**Accrued Liabilities and Long-Term Obligations**

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

**Southeastern Local School District, Clark County, Ohio**  
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In general, governmental fund payables and accrued liabilities are reported on the governmental fund financial statements as an obligation when they are incurred. However, compensated absences and long-term debt obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they have matured during the fiscal year and remain unpaid.

**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.

**Compensated Absences**

Vacation benefits are accrued as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District.

For governmental funds, unpaid compensated absences due and payable at the end of the fiscal year are recorded as matured leave payable in the fund financial statements. These amounts are reported in governmental funds only to the extent have matured through employee resignations and retirements. For the fiscal year, the School District reported no fund liability associated with compensated absences. The entire compensated absences liability is reported on the government-wide statement of net position.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchase funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**Exchange/Non-Exchange Transactions**

Revenues 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,

**Southeastern Local School District, Clark County, Ohio**  
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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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditures/expenditures) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to 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, pension, grants, and other taxes. 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 deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements.

**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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’s governing

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

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

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

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

**Net position**

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources in the statements of net position. Net position invested in capital assets are calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At year end, the School District had no net position restricted by enabling legislation.

**Estimates**

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

**Note 3 - Fund Balances**

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

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Fund Balances	General	Nonmajor Governmental Funds	Total
<b>Restricted for:</b>			
Capital Improvements	\$0	\$349,551	\$349,551
Ohio Read Grant	0	2,300	2,300
District Managed Activities	0	63,304	63,304
Teachers Lounge	0	1,559	1,559
Miscellaneous State Grants	0	7,934	7,934
<b>Total Restricted</b>	<b>0</b>	<b>424,648</b>	<b>424,648</b>
<b>Assigned to:</b>			
Encumbrances	44,753	0	44,753
Public School	10,251	0	10,251
<b>Total Assigned</b>	<b>55,004</b>	<b>0</b>	<b>55,004</b>
<b>Unassigned (Deficit)</b>	<b>6,366,250</b>	<b>(305,844)</b>	<b>6,060,406</b>
<b>Total Fund Balance</b>	<b>\$6,421,254</b>	<b>\$118,804</b>	<b>\$6,540,058</b>

**Note 4 – Accountability**

At June 30, 2015 the School District reported deficit fund balances in the following non-major governmental funds:

Other Governmental Funds	Deficit
Title VI-B	\$5,295
Chapter I	11,125
Food Service	289,424
	<b>\$305,844</b>

These deficits resulted from the accrual of various liabilities. The general fund provides operating transfers to cover deficit balances; however, this is done when cash is required, not when accruals occur.

**Note 5 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
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accrual (GAAP basis).

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a restriction, commitment or assignment of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statement for the General Fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$524,079
Revenue Accruals	(56,367)
Expenditure Accruals	37,074
Advances In	242,939
Advances (Out)	(279,051)
Encumbrances	(55,928)
Funds Budgeted Elsewhere	3,741
Budget Basis	\$416,487

**Note 6 – Deposits and Investments**

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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

**Southeastern Local School District, Clark County, Ohio**  
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agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

At fiscal year-end, the carrying value of the School District's cash deposits was \$1,300,815 and the bank balance was \$1,390,236. \$1,250,000 of the School District's deposits was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$140,236 of the School District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The School District's investments at June 30, 2015 are as summarized as follows:

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**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
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	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$1,608,466	0.00
Negotiable CDs	477,375	2.18
Federal Home Loan Bank	874,987	1.99
Federal Home Loan Mortgage Corp	843,739	3.08
Federal Farm Credit Bank	923,927	2.13
Federal National Mortgage Association	878,536	2.68
Total Fair Value	<u>\$5,607,030</u>	
Portfolio Weighted Average Maturity		1.73

*Credit Risk* – It is the School District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal National Mortgage Association were rated AA+ by Standard & Poor’s and Aaa by Moody’s. The School District’s investments in the U.S. Money Market Funds were rated AAA by Standard & Poor’s. Investments in Negotiable CD’s were not rated. Negotiable CD’s were fully insured by FDIC.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment securities are registered in the name of the School District except for its investments in US Money Market Funds, which are not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk* – The School District’s policy places no limit on the amount it may invest in any one issuer. The School District has invested 28% in Money Market Funds, 9% in Negotiable CD’s, 16% in Federal Home Loan Bank, 15% in Federal Home Loan Mortgage Corporation, 16% in Federal Farm Credit Bank, and 16% in Federal National Mortgage Association.

*Interest Rate Risk* – In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is



**Southeastern Local School District, Clark County, Ohio**  
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due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Clark County and Greene Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property 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 amount available as an advance at June 30, 2015, was \$217,579 in the general fund and \$14,381 in the permanent improvement capital projects fund.

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

	<b>2015 Second Half Collection</b>		<b>2015 First Half Collection</b>	
Agricultural/Residential and Other Real Estate	\$116,183,283	95.05%	\$113,575,380	95.09%
Public Utility Personal	6,049,260	4.95%	5,865,100	4.91%
Total	\$122,232,543	100.00%	\$119,440,480	100.00%
	40.60		40.68	

**Note 8 - Income Tax**

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The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue earned during fiscal year 2015 was \$1,085,507.

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9 – Receivables**

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Receivables at June 30, 2015, consisted of property taxes, interest, intergovernmental grants and interfund. All receivables are considered collectible in full.

**Note 10 - Capital Assets**

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Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$11,000	\$0	\$0	\$11,000
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	1,040,315	49,250	0	1,089,565
Buildings and Improvements	7,954,683	278,230	1,921	8,230,992
Furniture and Equipment	1,017,690	164,114	14,069	1,167,735
Vehicles	940,537	23,133	100,233	863,437
Totals at Historical Cost	<u>10,964,225</u>	<u>514,727</u>	<u>116,223</u>	<u>11,362,729</u>
Less Accumulated Depreciation:				
Land Improvements	794,287	33,875	0	828,162
Buildings and Improvements	4,758,881	197,845	1,921	4,954,805
Furniture and Equipment	855,164	67,225	14,069	908,320
Vehicles	623,262	54,902	100,233	577,931
Total Accumulated Depreciation	<u>7,031,594</u>	<u>353,847</u>	<u>116,223</u>	<u>7,269,218</u>
Governmental Activities Capital Assets, Net	<u>\$3,932,631</u>	<u>\$160,880</u>	<u>\$0</u>	<u>\$4,093,511</u>

**Southeastern Local School District, Clark County, Ohio**  
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Depreciation expense was charged to functions of the primary government as follows:

Instruction:	
Regular	\$185,527
Special	31,592
Vocational	2,757
Support Services:	
Pupils	3,631
School Administration	5,323
Operations & Maintenance	13,520
Pupil Transportation	68,556
Central	14,884
Operation of Non-Instructional Services	9,207
Extracurricular Activities	18,750
Total Depreciation Expense	\$353,747

**Note 11 - Risk Management**

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**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2015, the School District contracted with Arthur J. Gallagher & Co. for property and fleet, general liability, crime, and inland marine insurance.

Insurance coverage provided is as follows:

Building and Contents – replacement cost (\$1,000 deductible)	\$350,000,000
Boiler and Machinery (\$3,500 deductible)	100,000,000
Automobile Liability (\$0 deductible)	1,000,000
Automobile Physical Damage (\$1,000 deductible)	Actual cash value
Professional Liability (\$5,000 deductible)	
Single Occurrence	1,000,000
Aggregate	1,000,000
General Liability (no deductible)	
Per Occurrence	1,000,000
Crime (\$1,000 deductible)	750,000
Pollution Legal Liability (\$25,000 deductible)	1,000,000
Excess Liability	5,000,000

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

**Southeastern Local School District, Clark County, Ohio**  
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**Workers' Compensation**

For fiscal year 2015, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Inc. provides administrative, cost control and actuarial services to the GRP.

**Note 12 - Defined Benefit Pension Plans**

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**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.

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

**Southeastern Local School District, Clark County, Ohio**  
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contribution outstanding at the end of the year is included in accrued wages and benefits 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](http://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.

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 \$169,969 for fiscal year 2015. Of this amount \$34,361 is reported as accrued wages and benefits.

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**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](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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.

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

**Southeastern Local School District, Clark County, Ohio**  
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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 \$499,644 for fiscal year 2015. Of this amount \$83,620 is reported as accrued wages and benefits.

**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	\$1,719,860	\$8,022,271	\$9,742,131
Proportion of the Net Pension Liability	0.03398300%	0.03298162%	
Pension Expense	101,142	370,622	471,764

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$14,638	\$77,232	\$91,870
District contributions subsequent to the measurement date	<u>169,969</u>	<u>499,644</u>	<u>669,613</u>
Total Deferred Outflows of Resources	<u>\$184,607</u>	<u>\$576,876</u>	<u>\$761,483</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$279,138</u>	<u>\$1,484,151</u>	<u>\$1,763,289</u>

**Southeastern Local School District, Clark County, Ohio**  
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\$669,613 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$66,125)	(\$351,729)	(\$417,854)
2017	(66,125)	(351,730)	(417,855)
2018	(66,125)	(351,730)	(417,855)
2019	<u>(66,125)</u>	<u>(351,730)</u>	<u>(417,855)</u>
Total	<u>(\$264,500)</u>	<u>(\$1,406,919)</u>	<u>(\$1,671,419)</u>

**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.

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:



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Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	15.00	7.50
Total	100.00 %	

**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

**Southeastern Local School District, Clark County, Ohio**  
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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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$2,453,730	\$1,719,860	\$1,102,613

**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.

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:

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<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	<u>1.00</u>	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 <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
District's proportionate share of the net pension liability	\$11,484,756	\$8,022,271	\$5,094,174

**Note 13 - Post Employment Benefits**

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***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

**Southeastern Local School District, Clark County, Ohio**  
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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](http://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 \$20,197.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$10,575, \$19,160, and \$19,891, respectively. For fiscal year 2015, 80 percent has been contributed, with the balance being reported as accrued wages and benefits. The full amount has been contributed for fiscal years 2014 and 2013.

***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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. 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, \$34,389, and \$33,375 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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**Note 14 – Capitalized Leases - Lessee Disclosure**

In prior years, the School District entered into a capital lease for copiers. This lease met the criteria of a capital lease as the benefits and risk of ownership have generally transferred to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. At June 30, 2015 \$101,280 of equipment has been capitalized in the statement of net position for governmental activities, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was split between long-term liabilities due within a year and long-term liabilities due within more than one year on the statement of net position for governmental activities. Principal payments made on lease obligations during the year totaled \$14,054.

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

Fiscal Year Ending June 30	Governmental Activities
2016	\$20,256
2017	20,256
2018	20,256
2019	548
Total Minimum Lease Payments	\$61,316
Amount Representing Interest and Additional program cost component	(4,952)
Present Value of Minimum Lease Payments	<u>\$56,364</u>

The following is a detailed schedule for the future principal/interest payments for the lease obligation:

Fiscal Year Ending June 30	Capital Lease Obligation		
	Principal	Interest	Total
2016	\$17,595	\$2,661	\$20,256
2017	18,588	1,668	20,256
2018	19,636	620	20,256
2019	545	3	548
Total	<u>\$56,364</u>	<u>\$4,952</u>	<u>\$61,316</u>

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**Note 15 – Changes in Long-Term Liabilities**

Changes in long-term obligations of the School District during fiscal year 2015 were as follows:

	Restated Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Governmental Activities:					
<u>Bonds/Notes Payable:</u>					
Refunding Bonds					
Serial Bonds	\$147,000	\$0	\$49,000	\$98,000	\$49,000
Capital Appreciation Bonds - Principal Only	19,897	0	0	19,897	0
Capital Appreciation Bonds - Accreted Interest	8,037	5,732	0	13,769	0
HB 264 Bonds					
Serial Bonds	78,000	0	26,000	52,000	26,000
Capital Appreciation Bonds - Principal Only	7,236	0	0	7,236	0
Capital Appreciation Bonds - Accreted Interest	2,921	2,085	0	5,006	0
School Construction Bonds	704,000	0	54,000	650,000	55,000
Premium on Bonds	20,862	0	4,532	16,330	0
<u>Net Pension Liability:</u>					
STRS	9,530,341	0	1,508,070	8,022,271	0
SERS	2,021,467	0	301,607	1,719,860	0
Total Net Pension Liability	11,551,808	0	1,809,677	9,742,131	0
Capital Leases Payable	70,418	0	14,054	56,364	17,595
Compensated Absences	320,380	79,964	48,057	352,287	28,743
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM DEBT</b>	<b><u>\$12,930,559</u></b>	<b><u>\$87,781</u></b>	<b><u>\$2,005,320</u></b>	<b><u>\$11,013,020</u></b>	<b><u>\$176,338</u></b>

*Energy Conservation Bonds* -In 2012, the School District issued \$432,133 in unvoted general obligation bonds for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a seven year period with final maturity at June 1, 2018 with a variable rate from 1.00% to 2.55%. \$269,898 of the bonds were refunding bonds and \$162,235 of the bonds were HB264 debt. The debt will be retired from the permanent improvement fund.

*Qualified School Construction Bonds Payable* – On May 28, 2010, the School District issued \$918,000 in Qualified School Construction Bonds for the purpose of financing construction of school facilities. The bonds were issued for a sixteen year period with final maturity occurring on December 1, 2025. These bonds will be retired from the permanent improvement fund. With the approval of the Ohio School Facilities Commission, the School District is participating in the 2009 Qualified School Construction Bond Program. Through this Program, the School District issues taxable bonds at a higher rate than non-taxable bonds could have been issued it. The School District then receives a reimbursement through the program to offset the interest rate difference. The School District makes debt service payments at a rate of 7.0 percent on the bonds and receives subsequent interest subsidy payments through the Program which results in an effective interest rate of 1.59 percent on the qualifying bonds for the School District.

Compensated absences will be paid from the funds from which the employees' salaries are paid. The capital lease obligation will be paid from the general fund.

Principal and interest requirements to retire the School District's outstanding long-term debt obligations at June 30, 2015, were:

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Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$130,000	\$45,675	\$175,675	\$0	\$0	\$0
2017	130,000	40,775	170,775	0	0	0
2018	56,000	35,840	91,840	27,133	47,867	75,000
2019	57,000	31,885	88,885	0	0	0
2020	58,000	27,860	85,860	0	0	0
2021-2025	305,000	76,475	381,475	0	0	0
2026	64,000	2,240	66,240	0	0	0
Total	<u>\$800,000</u>	<u>\$260,750</u>	<u>\$1,060,750</u>	<u>\$27,133</u>	<u>\$47,867</u>	<u>\$75,000</u>

**Note 16 - Interfund Transactions**

Interfund balances at June 30, 2015, consist of the following individual receivables as reported in the governmental fund balance sheet, such amounts are removed from the statement of net position:

	Interfund	
	Receivable	Payable
General Fund	\$272,472	\$0
Other Governmental Funds	0	272,472
Total All Funds	<u>\$272,472</u>	<u>\$272,472</u>

The general fund advances monies to the grant special revenue funds at year end that are in a negative cash position. The advances will be repaid within one year once the special revenue fund receives reimbursement from federal or state agency.

**Note 17 – Jointly Governed Organizations**

*Clark County Family and Children First Council* - The Clark County Family and Children First Council (the "Council") is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The school districts in Clark County must appoint a superintendent of one of the schools to represent them on the eighteen member Board. Currently, the superintendent of the Clark Shawnee Local School District serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council.

The Southeastern Local School District does not pay any dues. Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. The School District made no financial contributions to the Council during

**Southeastern Local School District, Clark County, Ohio**  
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fiscal year 2015. To obtain financial information, write to the Clark County Family and Children First Council, Leslie Crew, who serves as Executive Director, at 1345 Loganda Avenue, Springfield, Ohio 45503.

*Springfield-Clark County Career Technology Center* - The Springfield-Clark County Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. The School District made no financial contributions to the CTC during fiscal year 2015. To obtain financial information, write to the CTC, Steve Clark, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

*Miami Valley Educational Computer Association* - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Greene, Highland, Fayette, and Madison Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven members elected by majority vote of all charter member school districts. The School District paid MVECA \$25,091 for services provided during the year. Financial information can be obtained Thor Sage, Executive Director of MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387-1415.

*Southwestern Ohio Educational Purchasing Council* -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 150 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2015, the School District made no payments to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Dr., Suite 208, Vandalia, OH 45377.

**Note 18 – Insurance Purchasing Pool**

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



**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 19 – Contingencies**

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**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 school 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 school 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.

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

**Note 20 – Set-Aside Calculations**

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2014	\$0
Current Year Set Aside Requirements	126,493
Qualified Disbursements	(30,750)
Current Year Offsets	(95,743)
Set Aside Reserve Balance as of June 30, 2015	<u>\$0</u>
Restricted Cash as of June 30, 2015	<u>\$0</u>
Carried Forward as of June 30, 2015	\$0

**Note 21 – Change in Accounting Principles**

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The District adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement Number 68. GASB Statement Number 68 establishes standards for measuring and

**Southeastern Local School District, Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 and have been implemented by the District. GASB Statement Number 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources of its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

**Note 22 – Change in Accounting Principle and Restatement of Net Position**

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For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$9,253,787
Adjustments:	
Net Pension Liability	(11,551,808)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>610,022</u>
Restated Net Position June 30, 2014	<u><u>(\$1,687,999)</u></u>

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.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

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Southeastern Local School District, Clark County, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share  
 of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.03298162%	0.03298162%
District's Proportionate Share of the Net Pension Liability	\$8,022,271	\$9,530,341
District's Covered-Employee Payroll	\$3,438,857	\$3,337,454
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	233.28%	285.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) - Information prior to 2013 is not available

Southeastern Local School District, Clark County, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share  
 of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.033983%	0.033983%
District's Proportionate Share of the Net Pension Liability	\$1,719,860	\$2,021,467
District's Covered-Employee Payroll	\$1,195,887	\$1,231,134
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	143.81%	164.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) - Information prior to 2013 is not available

Southeastern Local School District, Clark County, Ohio  
 Required Supplementary Information  
 Schedule of District Contributions  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Contractually Required Contribution	\$499,644	\$447,051	\$433,869	\$481,692	\$486,108
Contributions in Relation to the Contractually Required Contribution	<u>(499,644)</u>	<u>(447,051)</u>	<u>(433,869)</u>	<u>(481,692)</u>	<u>(486,108)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,568,886	\$3,438,857	\$3,337,454	\$3,705,323	\$3,739,292
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%

2010	2009	2008	2007	2006
\$434,594	\$421,616	\$425,679	\$413,699	\$380,472
(434,594)	(421,616)	(425,679)	(413,699)	(380,472)
\$0	\$0	\$0	\$0	\$0
\$3,343,031	\$3,243,200	\$3,274,454	\$3,182,300	\$2,926,708
13.00%	13.00%	13.00%	13.00%	13.00%

Southeastern Local School District, Clark County, Ohio  
 Required Supplementary Information  
 Schedule of District Contributions  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Contractually Required Contribution	\$169,969	\$165,750	\$170,389	\$192,689	\$163,446
Contributions in Relation to the Contractually Required Contribution	(169,969)	(165,750)	(170,389)	(192,689)	(163,446)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$1,289,598	\$1,195,887	\$1,231,134	\$1,432,632	\$1,300,286
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%



2010	2009	2008	2007	2006
\$20,346	\$44,384	\$37,406	\$74,244	\$64,512
(20,346)	(44,384)	(37,406)	(74,244)	(64,512)
\$0	\$0	\$0	\$0	\$0
\$150,266	\$451,057	\$380,916	\$695,169	\$609,754
13.54%	9.84%	9.82%	10.68%	10.58%

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**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$10,872		\$10,872
Cash Assistance					
National School Lunch Program	10.555	\$67,882		\$67,882	
Total Child Nutrition Cluster		67,882	10,872	67,882	10,872
Total U.S. Department of Agriculture		67,882	10,872	67,882	10,872
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	273,107		270,988	
Special Education Grants to States	84.027	151,068		151,156	
Rural Education	84.358	12,650		12,650	
Improving Teacher Quality State Grants	84.367	24,297		24,297	
Total U.S. Department of Education		461,122		459,091	
Total Federal Awards Expenditures		\$529,004	\$10,872	\$526,973	\$10,872

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

**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Southeastern 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.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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*

Southeastern Local School District  
Clark County, Ohio  
226 Clifton Road  
South Charleston, Ohio 45368

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Southeastern Local School District, Clark County, (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 April 22, 2016 wherein we noted that the District adopted new accounting guidance in 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*.

### ***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

April 22, 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

Southeastern Local School District  
Clark County, Ohio  
226 Clifton Road  
South Charleston, Ohio 45368

To the Board of Education:

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

We have audited the Southeastern Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the 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 program.

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

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

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

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

In our opinion, the Southeastern 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 each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control 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

April 22, 2016



**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK 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):	Title I Grants to Local Educational Agencies: (CFDA #84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

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

None

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# Dave Yost • Auditor of State

**SOUTHEASTERN LOCAL SCHOOL DISTRICT**

**CLARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 12, 2016**