

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013***

**MARK E. RHONEMUS, TREASURER/CFO**





# Dave Yost • Auditor of State

Board of Education  
Meigs Local School District  
41765 Pomeroy Pike  
Pomeroy, Ohio 45769

We have reviewed the *Independent Auditor's Report* of the Meigs Local School District, Meigs County, prepared by Julian & Grube, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Meigs Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 10, 2014

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**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY, OHIO**

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

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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### Independent Auditor's Report

Meigs Local School District  
Meigs County  
41765 Pomeroy Pike  
Pomeroy, Ohio 45769

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs Local School District, Meigs County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Meigs Local School District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 Meigs Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Meigs Local School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs Local School District, Meigs County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013, on our consideration of the Meigs Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Meigs Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 26, 2013

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

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

**Financial Highlights**

Key financial highlights for the fiscal year 2013 are as follows:

- Net position of governmental activities increased \$637,291.
- General revenues accounted for \$17,793,334 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants and contributions accounted for \$5,225,120, or 23 percent of total revenues of \$23,018,454.
- Total assets of governmental activities increased \$637,291. Equity in pooled cash and cash equivalents increased \$334,047, intergovernmental receivable decreased \$213,403, and capital assets decreased \$337,172.
- The District had \$22,381,163 in expenses related to governmental activities; only \$5,225,120 of these expenses were offset by program specific charges for services, sales, grants, and contributions. General revenues of \$17,793,334 were adequate to provide for these programs.
- The District's two major funds were the General Fund and the Bond Retirement Fund.

The General Fund had \$17,755,939 in revenues and other financing sources and \$18,172,337 in expenditures. The General Fund's balance decreased \$416,398.

The Bond Retirement Fund had \$769,435 in revenues and \$675,973 in expenditures. The Bond Retirement Fund's balance increased \$93,462.

**Using this Annual Financial Report**

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 and conditions.

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

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**Reporting the District as a Whole**

Statement of Net position and Statement of Activities

While this document contains information about the large number of funds used by the District to provide programs and activities for students, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all 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 accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, all of the District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, bond service operations, and extracurricular activities.

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

Fund Financial Statements

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

**Governmental Funds** - Most of the District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. 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.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**The District as a Whole**

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

**Table 1  
Net position  
Governmental Activities**

	2013	2012
<b>Assets</b>		
Current and Other Assets	\$9,585,791	\$8,951,605
Capital Assets, Net	25,530,556	25,867,728
Total Assets	35,116,347	34,819,333
<b>Liabilities</b>		
Deferred Outflow of Resources	213,930	0
Current and Other Liabilities	2,573,081	2,455,311
Long-Term Liabilities	5,602,124	5,814,057
Total Liabilities	8,175,205	8,269,368
Deferred Inflow of Resources	1,236,674	1,268,858
<b>Net position</b>		
Investments in Capital Assets	21,006,754	20,951,041
Restricted	1,821,899	1,597,669
Unrestricted	3,089,398	2,732,397
Total	\$25,918,398	\$25,281,107

Total assets increased \$355,620. This increase was mainly due to increases in Intergovernmental Receivables.

Total liabilities decreased \$308,093. This decrease was mainly due to decreases in long term debt obligations.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

Table 2 reflects the changes in net position for fiscal year 2013 compared to fiscal year 2012.

**Table 2  
Change in Net Position  
Governmental Activities**

	2013	2012
<b>Revenues</b>		
Program Revenues		
Charges for Services and Sales	\$1,003,574	\$1,041,564
Operating Grants, Contributions and Interest	4,221,546	3,519,325
Total Program Revenues	5,225,120	4,560,889
General Revenues:		
Property Taxes	3,217,383	3,262,684
Grants and Entitlements	14,391,374	14,174,573
Interest	36,316	24,936
Gifts and Donations	44,595	26,698
Miscellaneous	82,049	162,900
Proceeds from Sale of Capital Assets	12,325	3,000
Insurance Recoveries	9,292	30,144
Total General Revenues	17,793,334	17,684,935
Total Revenues	23,018,454	22,245,824
<b>Program Expenses</b>		
Instruction:		
Regular	7,077,814	7,224,139
Special	3,078,114	2,769,976
Vocational	1,185,595	1,279,346
Adult/Continuing	6,350	6,350
Student Intervention Services	75,766	150,217
Other	1,815,641	1,884,830
Support Services:		
Pupils	1,081,754	789,843
Instructional Staff	608,437	775,943
Board of Education	48,947	70,303
Administration	1,709,604	1,751,948
Fiscal	482,386	482,393
Operation and Maintenance of Plant	2,064,419	2,025,684
Pupil Transportation	1,435,130	1,547,825
Central	150,137	53,721
Non-Instructional	979,518	959,930
Extracurricular Activities	320,618	391,354
Interest and Fiscal Charges	260,933	263,052
Total Expenses	22,381,163	22,426,854
Increase/(Decrease) in Net Position	\$637,291	(\$181,030)

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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The DeRolph decisions have not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 18 percent of total general revenues for governmental activities for the fiscal year 2013.

Regular instruction comprises approximately 32 percent of governmental program expenses.

The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements. Comparisons to 2012 have been included, as follows:

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Instruction:				
Regular	\$7,077,814	\$5,938,071	\$7,224,139	\$6,241,521
Special	3,078,114	1,966,222	2,769,976	1,689,440
Vocational	1,185,595	923,636	1,279,346	1,007,339
Adult/Continuing	6,350	6,350	6,350	6,350
Student Intervention Services	75,766	75,766	150,217	150,217
Other	1,815,641	1,559,457	1,884,830	1,884,655
Support Services:				
Pupils	1,081,754	477,994	789,843	523,941
Instructional Staff	608,437	333,509	775,943	329,679
Board of Education	48,947	48,947	70,303	70,303
Administration	1,709,604	1,535,366	1,751,948	1,562,045
Fiscal	482,386	482,386	482,393	482,393
Operation and Maintenance of Plant	2,064,419	1,986,233	2,025,684	1,947,498
Pupil Transportation	1,435,130	1,427,784	1,547,825	1,540,211
Central	150,137	2,709	53,721	1,865
Non-Instructional	979,518	(67,702)	959,930	(109,000)
Extracurricular Activities	320,618	198,382	391,354	274,456
Interest and Fiscal Charges	260,933	260,933	263,052	263,052
<b>Total Expenses</b>	<u>\$22,381,163</u>	<u>\$17,156,043</u>	<u>\$22,426,854</u>	<u>\$17,865,965</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For fiscal year 2013, approximately 59 percent of instruction activities were supported through taxes and other general revenues.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**The District's Funds**

The District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$22,875,183 and expenditures of \$23,262,988. The District's financial stability is currently in question, due mainly to its declining enrollment, which will result in reduced state subsidies and school funding. Also, based on the current structure of the state school funding formula, any reasonable operating levy would only shift more of the tax burden to the local property owners and away from the state, and therefore, would not generate any significant additional tax revenues.

**General Fund Budgeting Highlights**

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

During the course of fiscal 2013, the District amended its General Fund budget, but not significantly. The District uses a modified site-based budgeting technique that is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue and other financing sources was \$17,640,498, above the original estimates of \$17,365,498. The \$275,000 difference between the original and final budget was due mainly to too liberal budgeting in the beginning; especially in the areas of property taxes and state reimbursed personal property tax exemption loss payments.

The District's ending unobligated General Fund balance was \$421,760.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2013, the District had \$25,530,556 invested in land, buildings and improvements, furniture and equipment, library books, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

**Table 4  
Capital Assets  
(Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$751,943	\$751,943
Buildings and Improvements	22,023,591	22,658,994
Furniture and Equipment	1,986,257	1,861,218
Library Books	393,686	354,077
Vehicles	375,079	241,496
<b>Totals</b>	<b>\$25,530,556</b>	<b>\$25,867,728</b>

The District purchased buses, library and textbooks, and various computer equipment during fiscal year 2013.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**Debt**

At June 30, 2013, the District had \$4,582,408 in bonds and notes outstanding.

**Table 5  
Outstanding Debt  
At Fiscal Year End**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
1998 Energy Conservation Notes	\$37,500	\$77,500
2007 Energy Conservation Notes	404,468	495,695
2000 School Facilities Construction and Improvement General Obligation Bonds	630,000	915,000
2007 School Improvement Refunding Bonds	3,180,000	3,210,000
2007 School Improvement Refunding Bonds – Capital Appreciation	100,461	100,461
Accretion on Capital Appreciation Bonds	171,369	118,027
Unamortized Premium	272,540	283,441
<b>Totals</b>	<b>\$4,796,338</b>	<b>\$5,200,124</b>

At June 30, 2013, the District's overall legal debt margin was \$8,666,580, with an un-voted debt margin of \$147,211.

**Economic Factors**

Over the past several years the District has remained in a stable financial position and had increased its cash balance carry-over the last five years prior to fiscal year ended June 30, 2006. One hundred (100%) percent of the District is in Meigs County, which went through a property reappraisal in calendar year 2004, which increased the District's property valuation an additional \$12 million dollars, and a triennial update in 2007, which only increased the District's property valuation \$7.75 million dollars. A reappraisal occurred in 2010, which increased the District's property valuation an additional \$10.5 million dollars; however, due to the weak economy, the District only collected at an 86½ percent rate of tax year 2012, billed in 2013.

As the preceding information shows, the District depends on its property taxpayers, as well as an adequate and equitable funding level from the state. Based on the current financial situation and the ability to maintain current program and staffing levels, the District will probably be unable to maintain financial stability beyond the fiscal year ending June 30, 2015.

The Board of Education and administration of the District will, and must, maintain careful financial planning and prudent fiscal management in order to try to regain/preserve the financial stability, as well as to ensure that significant operational needs of the District are met in the future.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark E. Rhonemus, Treasurer/CFO at Meigs Local School District, 41765 Pomeroy Pike, Pomeroy, Ohio 45769, or E-Mail at [mark.rhonemus@meigslocal.org](mailto:mark.rhonemus@meigslocal.org).

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Net Position  
June 30, 2013**

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	3,974,944
Investments		112,994
Materials and Supplies Inventory		86,172
Accrued Interest Receivable		52
Accounts Receivable		3,340
Intergovernmental Receivable		669,384
Taxes Receivable		4,738,905
Non-Depreciable Capital Assets		751,943
Depreciable Capital Assets, net		<u>24,778,613</u>
Total Assets		<u>35,116,347</u>
 <b>Deferred Outflows of Resources:</b>		
Unamortized deferred charges on debt refunding		<u>213,930</u>
 Total Assets and Deferred Outflows of Resources		 <u>35,330,277</u>
 <b>LIABILITIES:</b>		
Accounts Payable		98,519
Accrued Wages and Benefits		1,580,056
Intergovernmental Payable		457,229
Accrued Interest Payable		31,231
Accrued Vacation Leave Payable		100,979
Claims Payable		305,067
Long-Term Liabilities:		
Due Within One Year		518,786
Due in More Than One Year		<u>5,083,338</u>
Total Liabilities		<u>8,175,205</u>
 <b>Deferred Inflows of Resources:</b>		
Property Taxes Levied for the Next Fiscal Year		<u>1,236,674</u>
 Total Liabilities and Deferred Inflows of Resources		 <u>9,411,879</u>
 <b>Net Position:</b>		
Invested in Capital Assets		21,006,754
Restricted for Debt Service		723,203
Restricted for Capital Outlay		44,711
Restricted for Other Purposes		965,900
Restricted for Unclaimed Monies		19,931
Unrestricted		<u>3,157,899</u>
Total Net Position	\$	<u><u>25,918,398</u></u>

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2013**

	Program Revenues			Net(Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 7,077,814	\$ 632,804	\$ 506,939	\$ (5,938,071)
Special	3,078,114	0	1,111,892	(1,966,222)
Vocational	1,185,595	0	261,959	(923,636)
Adult/Continuing	6,350	0	0	(6,350)
Student Intervention Services	75,766	0	0	(75,766)
Other	1,815,641	0	256,184	(1,559,457)
Support Services:				
Pupils	1,081,754	0	603,760	(477,994)
Instructional Staff	608,437	0	274,928	(333,509)
Board of Education	48,947	0	0	(48,947)
Administration	1,709,604	1,088	173,150	(1,535,366)
Fiscal	482,386	0	0	(482,386)
Operation and Maintenance of Plant	2,064,419	0	78,186	(1,986,233)
Pupil Transportation	1,435,130	0	7,346	(1,427,784)
Central	150,137	0	147,428	(2,709)
Operation of Non-Instructional Services	979,518	247,446	799,774	67,702
Extracurricular Activities	320,618	122,236	0	(198,382)
Interest and Fiscal Charges	260,933	0	0	(260,933)
Totals	\$ <u>22,381,163</u>	\$ <u>1,003,574</u>	\$ <u>4,221,546</u>	<u>(17,156,043)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,408,845
Property Taxes, Levied for Debt Service				760,522
Property Taxes, Levied for Other				48,016
Grants and Entitlements not Restricted to Specific Programs				14,391,374
Gifts and Donations				44,595
Investment Earnings				36,316
Miscellaneous				82,049
Proceeds from Sale of Capital Assets				12,325
Insurance Recoveries				9,292
Total General Revenues				<u>17,793,334</u>
Change in Net Position				637,291
Net Position Beginning of Year				<u>25,281,107</u>
Net Position End of Year				<u>\$ 25,918,398</u>

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 480,949	\$ 194,673	\$ 665,851	\$ 1,341,473
Materials and Supplies Inventory	76,264	0	9,908	86,172
Accrued Interest Receivable	52	0	0	52
Accounts Receivable	1,721	0	1,619	3,340
Intergovernmental Receivable	53,445	0	615,939	669,384
Taxes Receivable	3,799,947	870,310	68,648	4,738,905
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	68,154	0	0	68,154
<b>Total Assets</b>	<b>\$ 4,480,532</b>	<b>\$ 1,064,983</b>	<b>\$ 1,361,965</b>	<b>\$ 6,907,480</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 46,308	\$ 0	\$ 51,011	\$ 97,319
Accrued Wages and Benefits	1,334,245	0	245,811	1,580,056
Intergovernmental Payable	400,183	0	57,046	457,229
<b>Total Liabilities</b>	<b>1,780,736</b>	<b>0</b>	<b>353,868</b>	<b>2,134,604</b>
<b>Deferred Inflow of Resources</b>				
Property Levied for the Next Fiscal Year	2,346,233	583,018	41,734	2,970,985
Delinquent Property Tax Revenue Not Available	0	0	314,125	314,125
<b>Total Deferred Inflows of Resources</b>	<b>2,346,233</b>	<b>583,018</b>	<b>355,859</b>	<b>3,285,110</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>4,126,969</b>	<b>583,018</b>	<b>709,727</b>	<b>5,419,714</b>
<b>Fund Balances</b>				
Nonspendable	96,195	0	9,908	106,103
Restricted	0	481,965	664,557	1,146,522
Assigned	206,371	0	0	206,371
Unassigned	50,997	0	(22,227)	28,770
<b>Total Fund Balances</b>	<b>353,563</b>	<b>481,965</b>	<b>652,238</b>	<b>1,487,766</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 4,480,532</b>	<b>\$ 1,064,983</b>	<b>\$ 1,361,965</b>	<b>\$ 6,907,480</b>

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2013**

Total Governmental Fund Balances	\$	1,487,766
<p>Amounts reported for governmental activities on the statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		25,530,556
Taxes and Grants Receivable that do not provide financial resources are not reported as revenues in governmental fund.		2,048,436
Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of Net Position.		2,372,044
Accrued Vacation Leave Payable is recognized for earned vacation benefits that are to be used within one year but it not recognized on the balance sheet until due.		(100,979)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest	(31,231)	
Unamortized Bond Premium	(272,540)	
Refund Loss	213,930	
General Obligation Bonds Payable	(4,523,798)	
Compensated Absences Payable	(805,786)	
	(5,419,425)	
Net Position of Governmental Activities	\$	25,918,398

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 2,455,870	\$ 694,912	\$ 49,011	\$ 3,199,793
Intergovernmental	14,529,789	74,523	3,882,927	18,487,239
Interest	26,886	0	9,430	36,316
Tuition and Fees	630,228	0	0	630,228
Rent	1,340	0	1,088	2,428
Extracurricular Activities	13,689	0	108,547	122,236
Gifts and Donations	11,371	0	33,224	44,595
Customer Sales and Services	1,236	0	247,446	248,682
Miscellaneous	76,249	0	5,800	82,049
Total Revenues	17,746,658	769,435	4,337,473	22,853,566
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	6,267,952	0	510,249	6,778,201
Special	2,200,701	0	1,009,889	3,210,590
Vocational	1,182,922	0	39,632	1,222,554
Adult/Continuing	6,350	0	0	6,350
Student Intervention Services	75,766	0	0	75,766
Other	1,594,901	0	256,184	1,851,085
Support Services:				
Pupils	590,264	0	539,774	1,130,038
Instructional Staff	330,091	0	290,687	620,778
Board of Education	48,947	0	0	48,947
Administration	1,596,195	0	164,262	1,760,457
Fiscal	478,053	19,963	2,052	500,068
Operation and Maintenance of Plant	1,931,260	0	92,730	2,023,990
Pupil Transportation	1,618,975	0	18,809	1,637,784
Central	0	0	150,137	150,137
Operation of Non-Instructional Services	0	0	974,692	974,692
Extracurricular Activities	246,850	0	150,769	397,619
Capital Outlay	3,110	0	214,812	217,922
Debt Service:				
Principal	0	457,128	0	457,128
Interest	0	198,882	0	198,882
Total Expenditures	18,172,337	675,973	4,414,678	23,262,988
Excess of Revenues Over (Under) Expenditures	(425,679)	93,462	(77,205)	(409,422)
<b>OTHER FINANCING SOURCES AND USES:</b>				
Proceeds from Sale of Capital Assets	7,675	0	4,650	12,325
Insurance Recoveries	1,606	0	7,686	9,292
Total Other Financing Sources and Uses	9,281	0	12,336	21,617
Net Change in Fund Balances	(416,398)	93,462	(64,869)	(387,805)
Fund Balance (Deficit) at Beginning of Year	769,961	388,503	717,107	1,875,571
Fund Balance (Deficit) at End of Year	\$ 353,563	\$ 481,965	\$ 652,238	\$ 1,487,766

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement Activities  
For the Fiscal Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$	(387,805)
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p> <p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current year.</p>		
Capital Outlay - Depreciable Capital Assets	832,421	
Depreciation	<u>(1,169,113)</u>	(336,692)
<p>The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of Net Position and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.</p>		
Gain (Loss) on Disposal of Capital Assets		(480)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Intergovernmental	125,681	
Delinquent Property Taxes	<u>78,535</u>	204,216
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.</p>		
		457,128
<p>Internal Service Fund is used by management to charge the costs of insurance to individual funds not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.</p>		
		782,088
<p>Removal Bond Issuance Cost</p>		
		(60,945)
<p>Amortization Bond Premium</p>		
		(10,901)
<p>Accretion on capital appreciation bonds is an expenditure when paid in the governmental funds, but are deferred on the statement of Net Position.</p>		
		(53,342)
<p>Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:</p>		
Accrued Vacation Leave Payable	11,193	
Accrued Interest Payable	2,192	
Compensated Absences Payable	<u>30,639</u>	
		<u>44,024</u>
Change in Net Position of Governmental Activities	\$	<u><u>637,291</u></u>

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 2,434,191	\$ 2,434,191	\$ 2,426,103	\$ (8,088)
Intergovernmental	14,278,807	14,468,807	14,476,344	7,537
Interest	25,000	25,000	26,943	1,943
Tuition and Fees	602,500	617,500	643,976	26,476
Rent	2,500	2,500	1,440	(1,060)
Miscellaneous	2,500	2,500	3,405	905
<b>Total Revenues</b>	<u>17,345,498</u>	<u>17,550,498</u>	<u>17,578,211</u>	<u>27,713</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	6,240,797	6,290,047	6,282,681	7,366
Special	2,199,030	2,203,280	2,198,335	4,945
Vocational	1,237,581	1,203,831	1,189,335	14,496
Student Intervention Services	100,000	92,500	77,701	14,799
Other	1,312,994	1,604,981	1,592,445	12,536
<b>Support services:</b>				
Pupils	518,687	563,437	561,435	2,002
Instructional Staff	355,354	335,354	329,243	6,111
Board of Education	65,500	66,250	55,359	10,891
Administration	1,578,784	1,578,784	1,560,731	18,053
Fiscal	492,289	488,789	482,524	6,265
Operation and Maintenance of Plant	1,918,807	1,966,557	1,941,219	25,338
Pupil Transportation	1,827,895	1,662,895	1,643,602	19,293
Extracurricular activities	202,500	252,750	245,657	7,093
Capital Outlay	2,500	3,250	3,110	140
<b>Total Expenditures</b>	<u>18,052,718</u>	<u>18,312,705</u>	<u>18,163,377</u>	<u>149,328</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(707,220)</u>	<u>(762,207)</u>	<u>(585,166)</u>	<u>177,041</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	0	0	7,675	7,675
Insurance Recoveries	0	0	1,606	1,606
Refund of Prior Year Expenditures	20,000	90,000	88,474	(1,526)
Transfers Out	(5,000)	(2,500)	(2,500)	0
Refund of Prior Year Receipts	(20,000)	(20,500)	(20,177)	323
<b>Total Other Financing Sources (Uses)</b>	<u>(5,000)</u>	<u>67,000</u>	<u>75,078</u>	<u>8,078</u>
<b>Net Change in Fund Balance</b>	(712,220)	(695,207)	(510,088)	185,119
Fund Balance at Beginning of Year	602,126	602,126	602,126	0
Prior Year Encumbrances Appropriated	329,722	329,722	329,722	0
<b>Fund Balance at end of Year</b>	<u>\$ 219,628</u>	<u>\$ 236,641</u>	<u>\$ 421,760</u>	<u>\$ 185,119</u>

See Accompanying Notes to Basic Financial Statements

MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY

Statement of Fund Net Position  
Internal Service Fund  
June 30, 2013

	<u>Internal Service</u>
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,678,311
Total Current Assets	<u>2,678,311</u>
Total Assets	<u><u>2,678,311</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	1,200
Claims Payable	<u>305,067</u>
Total Current Liabilities	<u>306,267</u>
Total Liabilities	<u><u>306,267</u></u>
<b>Net Position:</b>	
Unrestricted	<u>2,372,044</u>
Total Net Position	<u><u>\$ 2,372,044</u></u>

See Accompanying Notes to Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Fund  
June 30, 2013**

**OPERATING REVENUES:**

Charges for Services	\$ 4,459,102
Total Operating Revenues	<u>4,459,102</u>

**OPERATING EXPENSES:**

Purchased Services	672,071
Claims	2,982,021
Other	<u>22,922</u>
Total Operating Expenses	<u>3,677,014</u>
Operating Income (Loss)	<u>782,088</u>

Net Position (Deficit) at Beginning of Year 1,589,956

Net Position (Deficit) at End of Year \$ 2,372,044

See Accompanying Notes to Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Cash Flows  
Internal Service Fund  
June 30, 2013**

	<b>Internal Service</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Charges for Services	\$ 4,459,102
Payments for Contract Services	(670,871)
Payments for Claims	(22,922)
Payments for Other	(2,954,169)
Net Cash Provided by Operating Activities	811,140
Net Increase (Decrease) in Cash and Cash Equivalents	811,140
Cash and Cash Equivalents at Beginning of Year	1,867,171
<b>Cash and Cash Equivalents at End of Year</b>	\$ 2,678,311
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:</b>	
Operating Income (Loss)	\$ 782,088
Adjustments	
Increase (Decrease) in Liabilities:	
Accounts Payable	1,200
Claims Payable	27,852
<b>Net Cash Provided by Operating Activities</b>	\$ 811,140

See Accompanying Notes to Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2013**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>33,709</u>
Total Assets	<u><u>33,709</u></u>
<b>Liabilities</b>	
Current Liabilities:	
Undistributed Monies	<u>33,709</u>
Total Liabilities	\$ <u><u>33,709</u></u>

See Accompanying Notes to the Basic Financial Statements

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**1. Description of the District and Reporting Entity**

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

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the District's nine instructional/support facilities staffed by 82 classified personnel, 163 certificated full time teaching personnel, and seven administrators who provide services to 1,862 students and other community members.

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

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

The District participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program and the Ohio School Plan, which are defined as insurance purchasing pools. These organizations are discussed in Note 14 and 15 to the basic financial statements.

**2. Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

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

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

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

**B. Fund Accounting**

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

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

**General Fund** - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**Bond Retirement Fund** - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

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

**Proprietary Funds** - Proprietary funds are used to account for the District's ongoing activities that are similar to those found in the private sector. The following is the District's proprietary fund:

**Internal Service Fund** - The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only Internal Service Fund accounts for the operation of the District's self-insurance program for employee medical, vision, prescription drug, and dental claims.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for various student-managed activities.

**C. Measurement Focus and Basis of Accounting**

**Government-Wide Financial Statements**

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

**Fund Financial Statements**

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

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

**D. Basis of Accounting**

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

**Revenues - Exchange and Non-Exchange Transactions**

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). 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 year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Inflows of Resources and Deferred Outflows of Resources**

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as a deferred inflows. Special assessments and sales taxes not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as a deferred inflows in the governmental funds.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as a deferred inflows of resources.

**Expenses/Expenditures**

On the accrual basis, expenses are recognized at the time they are incurred.

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

**E. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District presented budgetary statement comparisons at the fund and function level of expenditures. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

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

**F. Cash and Investments**

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

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

During fiscal year 2013, investments were limited to common stock, which is reported at fair value based on quoted market prices, and STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$26,886, which includes \$5,108 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of administrative supplies and donated and purchased food. Commodities are presented at their entitlement value.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. The District did not have any prepaids at June 30, 2013.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government, or imposed by enabling legislation. Restricted assets include monies required by State statute to be set-aside for budget. See Note 16 for additional information regarding set-asides.

**J. Capital Assets**

The District's only capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

**2. Summary of Significant Accounting Policies (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of seven hundred fifty dollars. The 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 10 years
Library Materials and Textbooks	3 - 5 years

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees with ten or more years of current service with the District.

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

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

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

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

**2. Summary of Significant Accounting Policies (Continued)**

**M. Interfund Transactions**

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

**N. 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 use of the resources in governmental funds. The classifications are as follows:

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

**Assigned** - Amounts in the assigned 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 Board of Education.

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

The District first applies restricted resources when an expenditure is 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 can be used.

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

**2. Summary of Significant Accounting Policies (Continued)**

**O. Net position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities for food service operations and federal and state grants restricted to expenditure for specified purposes.

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

**Q. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**R. Unamortized Issuance Costs**

On the government-wide financial statements, bond issuance costs are expensed during the fiscal year in which they are incurred.

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

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

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

**3. Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted (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 (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance Major Governmental Fund</b>	
GAAP Basis	(\$416,398)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2012, Received In Cash FY 2013	1,444,144
Accrued FY 2013, Not Yet Received in Cash	(1,601,159)
Expenditure Accruals:	
Accrued FY 2012, Paid in Cash FY 2013	(1,620,677)
Accrued FY 2013, Not Yet Paid in Cash	1,796,699
Net Non General Fund Cash Activity	(3,303)
Encumbrances Outstanding at Year End (Budget Basis)	(109,394)
Budget Basis	<u><u>(\$510,088)</u></u>

**4. Deposits and Investments**

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

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

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

**4. Deposits and Investments (Continued)**

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

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

**4. Deposits and Investments (Continued)**

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

**Deposits with Financial Institutions**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all the of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At fiscal year end, the carrying amount of the District's deposits was \$3,994,981. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2013, \$3,854,343 of the District's bank balance of \$4,354,343 was exposed to custodial risk as discussed above, while \$500,000 was covered by Federal Deposit Insurance Corporation.

**Investments**

The District maintains some investments in the form of donated corporate stocks. These investments are an endowment fund that supports scholarships for area students.

As of June 30, 2013, the District had the following investments and maturities.

	<b>Fair Value</b>	<b>Investment Maturities 6 Months or less</b>
Stocks	\$112,994	\$112,994
STAR Ohio	13,672	13,672
Total Investments	\$126,666	\$126,666

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

**Credit Risk:** Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The common stock was rated between BBB and AA+ by Standards and Poors, and A2 and A3 by Moody's. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

**4. Deposits and Investments (Continued)**

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

**Concentration of Credit Risk** - The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2013.

	<b>Fair Value</b>	<b>Percent of Total</b>
Stocks	\$112,994	89.21%
STAR Ohio	13,672	10.79%
Total Investments	\$126,666	100.00%

**5. Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 2012 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2011, was levied after April 1, 2012 and is collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2013 (other than public utility property) represents the collection of 2013 taxes. Tangible personal property taxes received in calendar year 2013 were levied after April 1, 2012, on the value as of December 31, 2012. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

**5. Property Taxes (Continued)**

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

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

The amount available as an advance at June 30, 2013, was \$1,453,714 in the General Fund, \$287,292 in the Debt Service Fund, and \$26,914 in the Special Revenue Fund. The amount available as an advance at June 30, 2012, was \$1,423,947 in the General Fund, \$207,560 in the Debt Service Fund, and \$26,283 in the Special Revenue Fund.

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

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

	<b>2012 Second- Half Collections</b>		<b>2013 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Residential/Agricultural and Other Real Estate	\$128,805,450	89%	\$129,724,840	88%
Public Utility Personal	16,436,121	11%	17,486,140	12%
Total Assessed Value	<u>\$145,241,571</u>	<u>100%</u>	<u>\$147,210,980</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$23.40		\$23.40	

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

**6. Receivables**

Receivables at June 30, 2013, consisted of taxes, accounts (rent and tuition), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
Governmental Activities:	
General Fund	\$53,445
Race to the Top	89,711
IDEA-B	10,372
Title VI-B	25,015
Carol White Phys, Ed	95,708
21st Century CLC	112,500
Title I	253,836
Title II-A	28,797
Total Intergovernmental Receivables	\$669,384

**7. Capital Assets**

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

	<b>Balance at 6/30/12</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/13</b>
Capital Assets:				
Nondepreciable Capital Assets				
Land	\$751,943	\$0	\$0	\$751,943
Total Nondepreciable Capital Assets	751,943	0	0	751,943
Depreciable Capital Assets				
Buildings and Improvements	32,043,729	29,955	0	32,073,684
Furniture and Equipment	5,384,033	436,723	10,170	5,810,586
Vehicles	2,320,286	240,105	58,105	2,502,286
Library Books	1,748,778	125,638	0	1,874,416
Total Depreciable Capital Assets	41,496,826	832,421	68,275	42,260,972
Less Accumulated Depreciation				
Buildings and Improvements	9,384,735	665,358	0	10,050,093
Furniture and Equipment	3,522,815	311,204	9,690	3,824,329
Vehicles	2,078,790	87,915	58,105	2,108,600
Library Books	1,394,701	104,636	0	1,499,337
Total Accumulated Depreciation	16,381,041	1,169,113	67,795	17,482,359
Depreciable Capital Assets, Net	25,115,785	(336,692)	480	24,778,613
Capital Assets, Net	\$25,867,728	(\$336,692)	\$480	\$25,530,556

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

**7. Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$771,921
Special	31,533
Vocational	52,083
Support Services:	
Other	31,608
Pupil	1,806
Instructional Staff	45,060
Administration	12,473
Fiscal	659
Operation and Maintenance of Plant	109,827
Pupil Transportation	83,968
Non-Instruction	25,091
Extracurricular	3,084
Total Depreciation Expense	<u>\$1,169,113</u>

**8. Risk Management**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined together with other school districts in Ohio to participate in the Ohio School Plan, a public entity insurance purchasing pool. Each individual school district enters into an agreement with the Ohio School Plan and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the Ohio School Plan (Note 15).

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

The types and amounts of coverage provided by the Ohio School Plan are as follows:

<u>Property</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
General Liability:		
Each Occurrence	\$0	\$5,000,000
Aggregate Limit		7,000,000
Educator's Legal Liability	2,500	5,000,000
Employment Practices Liability	2,500	5,000,000
Fiduciary Liability - includes	2,500	5,000,000
Employee Benefits Liability		
Property District Values by Statement	1,000	66,263,438
Boiler and Machinery	1,000	66,263,438
Crime	1,000	100,000
Fleet		5,000,000
Physical Damage	1,000	

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

**8. Risk Management (Continued)**

**B. Workers' Compensation**

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The fund is responsible for \$100,000 in claims per individual family per year. After that, effective January 1, 2012, stop-loss covers up to a lifetime maximum of \$1,000,000 per covered classified, certified, and exempt persons. The District had three occurrences in which settled claims exceeded coverage by the fund on an individual family level in fiscal year 2013.

The claims liability of \$305,067 reported in the Internal Service Fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus." This statement requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

	<b>Balance at Beginning of Year</b>	<b>Current Year Claims</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
2012	\$297,217	\$3,479,805	\$3,499,807	\$277,215
2013	\$277,215	\$2,982,021	\$2,954,169	\$305,067

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

**9. Defined Benefit Pension Plans**

**A. School Employee Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$423,423, \$407,630, and \$416,024, respectively; 49 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2013 Comprehensive Annual Financial Report will be available after December 20, 2013. That can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio 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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a bi-weekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during the fifth year of membership. Eligible members who do not make a choice during the reselection period will remain permanently in their current plan.

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

**9. Defined Benefit Pension Plans (Continued)**

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,150,756, \$1,113,111, and \$1,138,677 respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$20,025 made by the District and \$28,035 made by the plan members.

**10. Postemployment Benefits**

**A. School Employee Retirement System**

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care.

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.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**10. Postemployment Benefits (Continued)**

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,839, \$16,003, and \$42,494 respectively; 49 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$22,381, \$21,823, and \$22,584, respectively; 49 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$82,197, \$79,508, and \$81,334, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**11. Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service, and can accumulate up to three weeks at one time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. All employees may accumulate an unlimited amount of sick days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days in addition for every ten (10) day block above the maximum, the employee shall be granted one (1) day per diem.

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

**11. Other Employee Benefits (Continued)**

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to most employees through the One America/American United Life Insurance Company, as administered by the Metropolitan Education Council. Coverage in the amount of \$40,000 is provided for all full-time classified, certified and exempt employees.

**12. Long-Term Obligations**

Changes in long-term obligations during fiscal year 2013 were as follows:

	<b>Principal Outstanding 6/30/12</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/13</b>	<b>Due Within One Year</b>
Energy Conservation:					
1998 Long Term Note - 5.30%	\$77,500	\$0	\$40,000	\$37,500	\$37,500
2007 Long Term Note – 4.16%	495,695	0	91,227	404,468	95,022
2000 School Facilities Construction and Improvement General Obligation Bonds - 4.35 to 5.7%	915,000	0	285,000	630,000	305,000
2007 School Improvement Bond Refunding Issue – 4.06%	3,210,000	0	30,000	3,180,000	30,000
Capital Appreciation Bonds 15.642%	100,461	0	0	100,461	0
Accretion on Capital Appreciation Bonds	118,027	53,342	0	171,369	0
Bonds Unamortized Premium	283,441	0	10,901	272,540	0
Sick Leave Benefits Payable	836,425	50,000	80,639	805,786	51,264
<b>Total Governmental Activities Long-Term Obligations</b>	<b>\$6,036,549</b>	<b>\$103,342</b>	<b>\$537,767</b>	<b>\$5,602,124</b>	<b>\$518,786</b>

Classroom Facilities General Obligation Bonds - In May, 2000, Meigs Local School District issued \$5,726,000 in voted general obligation bonds for constructing a new elementary and middle school and improvements to its high school facilities. The bonds were issued for a 23-year period with final maturity on December 1, 2022. A portion of this bond issue was advance refunded on February 1, 2007. The bonds will be retired from the Debt Service Fund.

Energy Conservation Notes - The District issued a note for \$418,200 on September 1, 1994, and a note for \$462,500 on August 15, 1998, for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The \$418,200 note was issued for a ten-year period with final maturity during fiscal year 2005. The \$462,500 note was issued for a fifteen-year period with final maturity during fiscal year 2014.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**12. Long-Term Obligations (Continued)**

Energy Conservation Notes - The District issued a note for \$900,000 on June 1, 2007, for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The \$900,000 note was issued for a ten-year period with final maturity during fiscal year 2017.

The energy conservation notes are paid from the Bond Retirement Debt Service Fund. Sick leave benefits will be paid from the General Fund and the Lunchroom, IDEA-B, and the Title I Special Revenue Funds.

2007 School Improvement Advance Refunding Current Interest Bonds

On February 1, 2007, the District issued \$3,654,996 in voted School Improvement Refunding Bonds, which included serial current interest and capital appreciation (deep discount) bonds in the amount of \$3,400,000 and \$254,996, respectively. The bonds advance refunded \$3,654,996 of outstanding 2000 School Facilities Construction and Improvement General Obligation Bonds. The bonds were issued for a sixteen year period with final maturities at December 1, 2022.

At the date of refunding, \$3,924,914 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$3,655,000 of the 2000 Series Bonds are considered to be deferred and the liability for those bonds has been removed from the financial statements. The advance refunding reduced the cash flows required for debt service by \$312,000 over the next fifteen years and resulted in an economic gain of \$245,891.

The bonds were issued with a premium of \$348,847, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2013 was \$10,901. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$273,864. This difference, reported in the accompanying financial statements as a deferred outflow of resources on the statement of net position, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2013 was \$8,562.

The \$3,654,996 bond issuance consists of serial and capital appreciation bonds. The serial bonds were issued with an interest rate of 4.06 percent.

The capital appreciation bonds will mature December 1, 2011 and 2015. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$700,000. The fiscal year 2013 accretion amount is \$53,342.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**12. Long-Term Obligations (Continued)**

Principal and interest requirements to retire energy conservation notes outstanding at June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$132,522	\$17,820	\$150,342
2015	98,974	12,873	111,847
2016	103,092	8,756	111,848
2017	107,380	4,467	111,847
Total	<u>\$441,968</u>	<u>\$43,916</u>	<u>\$485,884</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$335,000	\$356,956	\$691,956
2015	360,000	335,024	695,024
2016	100,461	411,927	512,388
2017	380,000	124,313	504,313
2018	395,000	107,844	502,844
2019-2023	2,340,000	259,037	2,599,037
Total	<u>\$3,910,461</u>	<u>\$1,595,101</u>	<u>\$5,505,562</u>

**13. Interfund Transactions**

At June 30, 2013, the District didn't have any interfund receivable or payable.

At June 30, 2013, the District didn't have any transfers on a GAAP basis.

**14. Jointly Governed Organizations**

**A. Southeastern Ohio Voluntary Education Cooperative**

The Southeastern Ohio Voluntary Education Cooperative (SEOVEC) was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium 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. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a board, which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. The District paid SEOVEC \$73,532 for services provided during the fiscal year. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**14. Jointly Governed Organizations (Continued)**

**B. Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (Coalition) consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board, which consists of one superintendent from each County, elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Coalition. The District paid the Coalition \$325 for services provided during the year.

**15. Insurance Purchasing Pool**

**A. Ohio School Boards Association Workers' Compensation Group Rating Program**

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

**B. Ohio School Plan**

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 (per website & latest F/S) Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$5,351,369	\$4,280,876
Liabilities	2,734,952	1,812,420
Members' Equity	2,616,417	2,468,456

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**15. Insurance Purchasing Pool (Continued)**

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, [www.ohioschoolplan.org](http://www.ohioschoolplan.org).

**16. Set - Aside Calculations**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. At June 30, 2013, only the unspent portion of certain workers' compensation refunds continues to be set-aside in the amount of \$68,154.

	<b>Capital Acquisition</b>
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	299,249
Contributions in Excess of the Current Fiscal Year Set Aside Requirement	0
Current Year Qualifying Expenditures	(299,249)
Excess Qualified Expenditures from Prior Years	0
Current Year Offsets	0
Waiver Granted by the Department of Education	0
Prior Year Offset from Bond Proceeds	0
Totals	\$0
Set-aside Balance Carried Forward to FY 2014	\$0
Set-aside Reserves as of June 30, 2013	\$0

\$4,399,402 of this extra amount, representing debt proceeds, may be use to reduce the capital acquisition set-aside for future years.

**17. Contingencies**

**A. Litigation**

There are currently no matters in litigation with the District as defendant.

**B. School/Community School Contingency Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**18. FUND BALANCE**

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable for:				
Unclaimed Monies	\$19,931	\$0	\$0	\$19,931
Materials and Supplies	76,264	0	9,908	86,172
Total Nonspendable	<u>96,195</u>	<u>0</u>	<u>9,908</u>	<u>106,103</u>
Restricted for:				
Food Service	0	0	76,427	76,427
Other	0	0	328,239	328,239
Vocational Instruction	0	0	3,707	3,707
Athletics	0	0	61,695	61,695
Facilities Maintenance	0	0	149,778	149,778
Debt Retirement	0	481,965	0	481,965
Permanent Improvements	0	0	44,711	44,711
Total Restricted	<u>0</u>	<u>481,965</u>	<u>664,557</u>	<u>1,146,522</u>
Assigned for:				
Uniform School Supply	3,981	0	0	3,981
Public School Support	9,917	0	0	9,917
Encumbrances	63,086	0	0	63,086
Appropriations	129,387	0	0	129,387
Total Assigned	<u>206,371</u>	<u>0</u>	<u>0</u>	<u>206,371</u>
Unassigned	50,997	0	(22,227)	28,770
Total Fund Balance	<u>\$353,563</u>	<u>\$481,965</u>	<u>\$652,238</u>	<u>\$1,487,766</u>

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

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

**19. ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances**

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

	<b>Deficit</b>
Nonmajor Funds	
Title VI-B	\$20,196
Title I	799
Title II-A	1,232

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

**20. OTHER COMMITMENTS**

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

	<b>Year End Encumbrances</b>
<u>Fund</u>	
General	\$109,394
Other Governmental	209,803
Total	\$319,197

**21. CHANGE IN ACCOUNTING PRINCIPLE**

For 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

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

**21. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations

## **SUPPLEMENTARY DATA**

MEIGS LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Child Nutrition Grant Cluster:</b>				
(C)(D) School Breakfast Program	10.553	2013	\$ 244,655	\$ 244,655
(D)(E) National School Lunch Program-Food Donations	10.555	2013	58,068	58,068
(C)(D) National School Lunch Program	10.555	2013	495,688	495,688
<b>Total National School Lunch Program</b>			<u>553,756</u>	<u>553,756</u>
<b>Total Child Nutrition Grant Cluster</b>			<u>798,411</u>	<u>798,411</u>
Fresh Fruit and Vegetable Program	10.582	2013	42,848	42,848
<b>Total U.S. Department of Agriculture</b>			<u>841,259</u>	<u>841,259</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2012	103,590	106,335
Title I Grants to Local Educational Agencies	84.010	2013	829,500	825,884
Title I School Improvement	84.010	2012	-	34,397
<b>Total Title I Grants to Local Educational Agencies</b>			<u>933,090</u>	<u>966,616</u>
Special Education Grants to States	84.027	2012	21,833	29,961
Special Education Grants to States	84.027	2013	454,500	453,893
<b>Total Special Education Grants to States</b>			<u>476,333</u>	<u>483,854</u>
Career and Technical Education - Basic Grants to States	84.048	2012	5,773	5,836
Career and Technical Education - Basic Grants to States	84.048	2013	72,611	65,048
<b>Total Career and Technical Education - Basic Grants to States</b>			<u>78,384</u>	<u>70,884</u>
Twenty-First Century Community Learning Centers	84.287	2012	65,000	71,503
Twenty-First Century Community Learning Centers	84.287	2013	487,500	455,471
<b>Total Twenty-First Century Community Learning Centers</b>			<u>552,500</u>	<u>526,974</u>
Rural and Low Income Grants	84.358	2012	-	37,788
Rural and Low Income Grants	84.358	2013	20,379	20,379
<b>Total Rural and Low Income Grants</b>			<u>20,379</u>	<u>58,167</u>
Improving Teacher Quality State Grants	84.367	2012	18,089	20,794
Improving Teacher Quality State Grants	84.367	2013	162,500	161,428
<b>Total Improving Teacher Quality State Grants</b>			<u>180,589</u>	<u>182,222</u>
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	84.395A	2012	9,095	14,889
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	84.395A	2013	275,000	231,640
<b>Total ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act</b>			<u>284,095</u>	<u>246,529</u>
Education Jobs Fund	84.410	2012	44,157	44,628
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A</b>				
(F) Carol M. White Physical Education Program	84.215F	2013	264,574	264,574
<b>Total U.S. Department of Education</b>			<u>2,834,101</u>	<u>2,844,448</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 3,675,360</u>	<u>\$ 3,685,707</u>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2013
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (F) This is direct from the U.S. Department of Education



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Meigs Local School District  
Meigs County  
41765 Pomeroy Pike  
Pomeroy, Ohio 45769

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Meigs Local School District, Meigs County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Meigs Local School District's basic financial statements and have issued our report thereon dated December 26, 2013.

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

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

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

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

Board of Education  
Meigs Local School District

***Compliance and Other Matters***

As part of reasonably assuring whether the Meigs Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 Meigs Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Meigs Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
December 26, 2013



**Julian & Grube, Inc.**  
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**Independent Auditor's Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Meigs Local School District  
Meigs County  
41765 Pomeroy Pike  
Pomeroy, Ohio 45769

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Meigs Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2013.

Board of Education  
Meigs Local School District

***Report on Internal Control Over Compliance***

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

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

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

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



Julian & Grube, Inc.  
December 26, 2013

**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY, OHIO**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies, CFDA #84.010; Special Education Grants to States, CFDA #84.027; Twenty-First Century Community Learning Centers, CFDA #84.207
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

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

None



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**Independent Accountants' Report on Applying Agreed-Upon Procedure**

Meigs Local School District  
Meigs County  
41765 Pomeroy Pike  
Pomeroy, Ohio 45769

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 6, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 26, 2013



# Dave Yost • Auditor of State

**MEIGS LOCAL SCHOOL DISTRICT**

**MEIGS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 20, 2014**