



Dave Yost • Auditor of State

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis	13
Statement of Activities – Cash Basis	14
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Cash Basis	16
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds	17
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Cash Basis	18
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) General Fund	19
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) Schoolwide Building Program Fund.....	20
Statement of Fund Net Position – Cash Basis Proprietary Funds	21
Statement of Receipts, Disbursements and Changes in Fund Net Position – Cash Basis Proprietary Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23
Notes to the Basic Financial Statements	25
Schedule of Federal Awards Receipts and Expenditures.....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures	48
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A133	51

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of Findings.....	55
Corrective Action Plan.....	58
Schedule of Prior Audit Findings.....	59



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Southeast Local School District
Wayne County
9048 Dover Road
Apple Creek, Ohio 44606

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Accounting Basis

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2014, the District has elected to change its financial presentation comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter. However, the implementation of this change resulted in the July 1, 2013 beginning fund balances and Net Position being restated.

Other Matters

Supplemental and Other Information

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

January 16, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The discussion and analysis of the Southeast Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- q In total, net position increased \$1,807,935, or 49.61 percent.
- q General receipts accounted for \$14,833,425 in revenue or 78.00 percent of total receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$4,184,762 or 22.00 percent.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. 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 School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2014, the general fund, the permanent improvement fund and the schoolwide building program fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School 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 School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, the permanent improvement fund and the schoolwide building program fund.

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

Reporting the School District's Fiduciary Responsibilities

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

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to 2013.

(Table 1)
Net Position – Cash Basis

	Governmental Activities	
	2014	Restated 2013
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 4,812,295	\$ 2,887,723
Cash and Cash Equivalents with Fiscal Agents	639,746	756,383
<i>Total Assets</i>	\$ 5,452,041	\$ 3,644,106
Net Position		
Restricted for:		
Capital Outlay	\$ 571,889	\$ 569,205
Other Purposes	565,974	202,607
Unrestricted	4,314,178	2,872,294
<i>Total Net Position</i>	\$ 5,452,041	\$ 3,644,106

Net position of the governmental activities increased \$1,807,935, which represents a 49.61 percent increase from fiscal year 2013. The increase is due to an overall reduction of disbursements as well as an increase in intergovernmental receipts.

A portion of the School District's net position, \$1,137,863 or 20.87 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$4,314,178 may be used to meet the School District's ongoing obligations.

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Table 2 shows the changes in net position for fiscal year 2014. Since this is the first year the School District has prepared financial statements on a cash basis, revenue and expense comparisons to fiscal year 2013 are not available. This table will present two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities
	2014
Receipts	
Program Receipts	
Charges for Services and Sales	\$ 1,484,133
Operating Grants, Contributions and Interest	2,700,140
Capital Grants, Contributions and Interest	489
<i>Total Program Receipts</i>	4,184,762
General Receipts	
Property Taxes	8,336,792
Grants and Entitlements not Restricted to Specific Programs	6,312,150
Proceeds from Sale of Capital Assets	5,141
Investment Earnings	6,733
Miscellaneous	172,609
<i>Total General Receipts</i>	14,833,425
<i>Total Receipts</i>	19,018,187
Program Disbursements	
Instruction:	
Regular	6,802,956
Special	2,436,894
Vocational	127,850
Other	1,037,671
Support Services:	
Pupils	773,297
Instructional Staff	261,154
Board of Education	30,234
Administration	1,429,575
Fiscal	328,627
Operation and Maintenance of Plant	1,092,675
Pupil Transportation	1,205,535
Central	11,116
Operation of Non-Instructional Services:	
Food Service Operations	606,102
Community Services	244,699
Extracurricular Activities	626,915
Capital Outlay	194,952
<i>Total Program Disbursements</i>	17,210,252
<i>Change in Net Position</i>	1,807,935
<i>Restated Net Position Beginning of Year (See Note 16)</i>	3,644,106
<i>Net Position End of Year</i>	\$ 5,452,041

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2013 have not been made since they are not available.

(Table 3)
Governmental Activities – Cash Basis

	Total Costs of Services	Net Costs of Services
	2014	2014
<i>Program Disbursements</i>		
Instruction:		
Regular	\$ 6,802,956	\$ 5,095,962
Special	2,436,894	1,559,391
Vocational	127,850	105,418
Other	1,037,671	1,037,671
Support Services:		
Pupils	773,297	587,108
Instructional Staff	261,154	156,482
Board of Education	30,234	30,234
Administration	1,429,575	1,243,112
Fiscal	328,627	328,627
Operation and Maintenance of Plant	1,092,675	1,083,475
Pupil Transportation	1,205,535	1,205,535
Central	11,116	11,116
Operation of Non-Instructional Services:		
Food Service Operations	606,102	(40,695)
Community Services	244,699	21,393
Extracurricular Activities	626,915	406,198
Capital Outlay	194,952	194,463
<i>Total</i>	\$ 17,210,252	\$ 13,025,490

Instruction disbursements of \$10,405,371 make up 60.46 percent of total program disbursements. Support Services has total disbursements of \$5,132,213, which makes up 29.82 percent of total program disbursements. The remaining 9.72 percent of disbursements is comprised of operation of non-instructional services, extracurricular activities, and capital outlay.

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program receipts only account for 24.32 percent of all governmental disbursements. The community is the largest area of support for the School District students.

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$4,783,907, which is higher than the prior year balance of \$2,867,781.

The general fund had total cash receipts, excluding other financing sources, of \$15,577,088. The cash disbursements of the general fund totaled \$9,211,280, excluding other financing uses. The general fund's fund balance increased \$1,667,870 in 2014. The increase in fund balance is due to a slight reduction of disbursements and other financing uses as well as an increase in intergovernmental receipts during fiscal year 2014.

The permanent improvement fund had total cash receipts of \$349,385. The permanent improvement fund had total cash disbursements of \$359,542 for a decrease in fund balance of \$10,157.

The schoolwide building program fund had total cash receipts of \$1,058,892 and total cash disbursements of \$5,645,694, for an increase in fund balance of \$121,887 in 2014. The increase in fund balance is primarily due to increased transfers in from the general fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its general fund budget. For the general fund, final budget basis receipts were \$15,064,467 (excluding other financing sources), representing an increase of \$479,483 from the original estimate of \$14,584,984. Actual receipts (excluding other financing sources) of \$15,301,345 were \$236,878 higher than the final budget. Of this increase, most was attributable to an increase in state foundation receipts.

For fiscal year 2014, the general fund original and final budget basis disbursements were \$9,694,507. Actual disbursements of \$9,111,792 were \$582,715 lower than the final budget. Actual instruction, operation and maintenance of plant, pupil transportation and administration disbursements were significantly under budgeted expectations.

Current Issues

The Board of Education and administration closely monitor its receipts and disbursements in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong.

Southeast Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded and will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Dickerhoof, Treasurer of Southeast Local School District, 9048 Dover Road, Apple Creek, Ohio 44606.

THIS PAGE INTENTIONALLY LEFT BLANK

Southeast Local School District
Wayne County, Ohio
Statement of Net Position - Cash Basis
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,812,295
Cash and Cash Equivalents with Fiscal Agents	<u>639,746</u>
<i>Total Assets</i>	<u><u>\$ 5,452,041</u></u>
Net Position	
Restricted for:	
Capital Outlay	\$ 571,889
Other Purposes	565,974
Unrestricted	<u>4,314,178</u>
<i>Total Net Position</i>	<u><u>\$ 5,452,041</u></u>

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 6,802,956	\$ 888,315	\$ 818,679	\$ 0	\$ (5,095,962)
Special	2,436,894	6,194	871,309	0	(1,559,391)
Vocational	127,850	0	22,432	0	(105,418)
Other	1,037,671	0	0	0	(1,037,671)
Support Services:					
Pupils	773,297	110,291	75,898	0	(587,108)
Instructional Staff	261,154	0	104,672	0	(156,482)
Board of Education	30,234	0	0	0	(30,234)
Administration	1,429,575	0	186,463	0	(1,243,112)
Fiscal	328,627	0	0	0	(328,627)
Operation and Maintenance of Plant	1,092,675	9,200	0	0	(1,083,475)
Pupil Transportation	1,205,535	0	0	0	(1,205,535)
Central	11,116	0	0	0	(11,116)
Operation of Non-Instructional Services:					
Food Service Operations	606,102	259,726	387,071	0	40,695
Community Services	244,699	40,186	183,120	0	(21,393)
Extracurricular Activities	626,915	170,221	50,496	0	(406,198)
Capital Outlay	194,952	0	0	489	(194,463)
Totals	<u>\$ 17,210,252</u>	<u>\$ 1,484,133</u>	<u>\$ 2,700,140</u>	<u>\$ 489</u>	<u>(13,025,490)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	8,047,285
Capital Outlay	289,507
Grants and Entitlements not Restricted to Specific Programs	6,312,150
Proceeds from Sale of Capital Assets	5,141
Investment Earnings	6,733
Miscellaneous	172,609
Total General Receipts	<u>14,833,425</u>
Change in Net Position	1,807,935
Restated Net Position Beginning of Year (See Note 16)	<u>3,644,106</u>
Net Position End of Year	<u>\$ 5,452,041</u>

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Permanent Improvement</u>	<u>Schoolwide Building Program</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 3,646,492	\$ 571,889	\$ 162,939	\$ 402,587	\$ 4,783,907
Fund Balances					
Nonspendable	\$ 448	\$ 0	\$ 0	\$ 0	\$ 448
Restricted	0	571,889	162,939	403,014	1,137,842
Assigned	286,592	0	0	0	286,592
Unassigned	3,359,452	0	0	(427)	3,359,025
<i>Total Fund Balances</i>	<u>\$ 3,646,492</u>	<u>\$ 571,889</u>	<u>\$ 162,939</u>	<u>\$ 402,587</u>	<u>\$ 4,783,907</u>

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
June 30, 2014

Total Governmental Fund Balances	\$ 4,783,907
---	--------------

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

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

668,134

Net Position of Governmental Activities

\$ 5,452,041

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Permanent Improvement	Schoolwide Building Program	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 8,047,285	\$ 289,507	\$ 0	\$ 0	\$ 8,336,792
Intergovernmental	6,275,193	59,389	1,058,892	1,540,369	8,933,843
Investment Income	4,520	489	0	221	5,230
Tuition and Fees	870,806	0	0	0	870,806
Extracurricular Activities	115,673	0	0	164,840	280,513
Gifts and Donations	27,779	0	0	50,447	78,226
Charges for Services	69,434	0	0	259,725	329,159
Rent	3,655	0	0	0	3,655
Miscellaneous	162,743	0	0	9,866	172,609
<i>Total Receipts</i>	<u>15,577,088</u>	<u>349,385</u>	<u>1,058,892</u>	<u>2,025,468</u>	<u>19,010,833</u>
Disbursements					
Current:					
Instruction:					
Regular	2,668,616	83,030	3,915,980	76,767	6,744,393
Special	748,008	0	1,075,727	597,812	2,421,547
Vocational	127,177	0	0	0	127,177
Other	1,037,654	0	0	0	1,037,654
Support Services:					
Pupils	594,720	693	158,959	14,739	769,111
Instructional Staff	148,320	0	21,257	90,480	260,057
Board of Education	30,234	0	0	0	30,234
Administration	861,124	2,816	473,771	81,240	1,418,951
Fiscal	323,765	4,189	0	0	327,954
Operation and Maintenance of Plant	1,053,352	35,660	0	0	1,089,012
Pupil Transportation	1,157,733	37,121	0	0	1,194,854
Central	9,956	1,081	0	0	11,037
Extracurricular Activities	392,492	0	0	232,756	625,248
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	606,102	606,102
Community Services	58,129	0	0	183,436	241,565
Capital Outlay	0	194,952	0	0	194,952
<i>Total Disbursements</i>	<u>9,211,280</u>	<u>359,542</u>	<u>5,645,694</u>	<u>1,883,332</u>	<u>17,099,848</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,365,808</u>	<u>(10,157)</u>	<u>(4,586,802)</u>	<u>142,136</u>	<u>1,910,985</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	5,141	0	0	0	5,141
Advances In	5,610	0	0	0	5,610
Advances Out	0	0	0	(5,610)	(5,610)
Transfers In	0	0	4,708,689	0	4,708,689
Transfers Out	(4,708,689)	0	0	0	(4,708,689)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,697,938)</u>	<u>0</u>	<u>4,708,689</u>	<u>(5,610)</u>	<u>5,141</u>
<i>Net Change in Fund Balances</i>	1,667,870	(10,157)	121,887	136,526	1,916,126
<i>Restated Fund Balances Beginning of Year</i> <i>(See Note 16)</i>	<u>1,978,622</u>	<u>582,046</u>	<u>41,052</u>	<u>266,061</u>	<u>2,867,781</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,646,492</u>	<u>\$ 571,889</u>	<u>\$ 162,939</u>	<u>\$ 402,587</u>	<u>\$ 4,783,907</u>

See accompanying notes to the basic financial statements.

Southeast Local School District

Wayne County, Ohio

*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$ 1,916,126
---	--------------

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

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).	<u>(108,191)</u>
---	------------------

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 1,807,935</u>
--	---------------------

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 7,670,537	\$ 8,046,925	\$ 8,047,285	\$ 360
Intergovernmental	5,981,408	6,046,803	6,275,193	228,390
Investment Income	4,308	3,259	4,520	1,261
Tuition and Fees	830,038	859,750	870,806	11,056
Extracurricular Activities	5,129	7,000	5,381	(1,619)
Charges for Services	66,183	77,075	69,434	(7,641)
Rent	3,484	3,655	3,655	0
Miscellaneous	23,897	20,000	25,071	5,071
<i>Total Receipts</i>	<u>14,584,984</u>	<u>15,064,467</u>	<u>15,301,345</u>	<u>236,878</u>
Disbursements				
Current:				
Instruction:				
Regular	2,839,287	2,839,287	2,668,624	170,663
Special	803,909	803,909	755,588	48,321
Vocational	135,310	135,310	127,177	8,133
Other	1,104,014	1,104,014	1,037,654	66,360
Support Services:				
Pupils	483,962	483,962	454,872	29,090
Instructional Staff	170,988	170,988	160,710	10,278
Board of Education	32,168	32,168	30,234	1,934
Administration	936,784	936,784	880,476	56,308
Fiscal	345,668	345,668	324,891	20,777
Operation and Maintenance of Plant	1,120,716	1,120,716	1,053,352	67,364
Pupil Transportation	1,231,873	1,231,873	1,157,828	74,045
Central	10,603	10,603	9,966	637
Extracurricular Activities	417,379	417,379	392,291	25,088
Operation of Non-Instructional Services:				
Community Services	61,846	61,846	58,129	3,717
<i>Total Disbursements</i>	<u>9,694,507</u>	<u>9,694,507</u>	<u>9,111,792</u>	<u>582,715</u>
<i>Excess of Receipts Over Disbursements</i>	<u>4,890,477</u>	<u>5,369,960</u>	<u>6,189,553</u>	<u>819,593</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	4,900	0	5,141	5,141
Refund of Prior Year Expenditures	116,328	122,042	122,042	0
Advances In	5,347	5,610	5,610	0
Transfers In	214	225	225	0
Transfers Out	(5,010,294)	(5,010,294)	(4,709,137)	301,157
<i>Total Other Financing Sources (Uses)</i>	<u>(4,883,505)</u>	<u>(4,882,417)</u>	<u>(4,576,119)</u>	<u>306,298</u>
<i>Net Change in Fund Balance</i>	6,972	487,543	1,613,434	1,125,891
<i>Fund Balance Beginning of Year</i>	1,892,020	1,892,020	1,892,020	0
Prior Year Encumbrances Appropriated	54,799	54,799	54,799	0
<i>Fund Balance End of Year</i>	<u>\$ 1,953,791</u>	<u>\$ 2,434,362</u>	<u>\$ 3,560,253</u>	<u>\$ 1,125,891</u>

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Schoolwide Building Program Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental	\$ 1,090,187	\$ 1,205,076	\$ 1,058,892	\$ (146,184)
Disbursements				
Current:				
Instruction:				
Regular	4,147,169	3,937,289	3,916,333	20,956
Special	1,139,133	1,171,200	1,075,727	95,473
Support Services:				
Pupils	168,328	173,067	158,959	14,108
Instructional Staff	22,510	23,144	21,257	1,887
Administration	501,951	516,082	474,012	42,070
<i>Total Disbursements</i>	5,979,091	5,820,782	5,646,288	174,494
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,888,904)	(4,615,706)	(4,587,396)	28,310
Other Financing Sources				
Transfers In	4,847,852	4,574,654	4,708,689	134,035
<i>Net Change in Fund Balance</i>	(41,052)	(41,052)	121,293	162,345
<i>Fund Balance Beginning of Year</i>	24,307	24,307	24,307	0
Prior Year Encumbrances Appropriated	16,745	16,745	16,745	0
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 162,345	\$ 162,345

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
June 30, 2014

	Governmental Activities
	Internal Service Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 28,388
Cash and Cash Equivalents with Fiscal Agents	639,746
<i>Total Assets</i>	\$ 668,134
 Net Position	
Unrestricted	668,134
<i>Total Net Position</i>	\$ 668,134

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
Operating Receipts	
Charges for Services	\$ 2,434,756
Operating Disbursements	
Purchased Services	474,785
Claims	2,070,375
<i>Total Operating Disbursements</i>	2,545,160
<i>Operating Loss</i>	(110,404)
Non-Operating Receipts	
Interest	2,213
<i>Change in Net Position</i>	(108,191)
<i>Restated Net Position Beginning of Year (See Note 16)</i>	776,325
<i>Net Position End of Year</i>	\$ 668,134

See accompanying notes to the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 18,202</u>
Net Position	
Held for Student Activities	<u><u>\$ 18,202</u></u>

See accompanying notes to the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 – Description of the School District

The Southeast Local School District (the School 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 School District is governed by a five-member Board of Education (the Board) elected by its citizens and is responsible for the provision of public education to residents of the School District. The board oversees the operations of the School District's six instructional and support facilities.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board; and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organization for which the School District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the School District.

The School District is associated with two jointly governed organizations, the Wayne County Career Center and the Tri-County Computer Service Association (TCCSA). In addition, the School District is associated with the Beacon Hill Community School, a related organization. These organizations are presented in Notes 14 and 15 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" receipts and disbursements.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental and enterprise 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 financial statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

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

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

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Permanent Improvement Fund The permanent improvement fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Schoolwide Building Program Fund The schoolwide building program fund is used for the pooling of Federal, State and local funds to be used to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed internally or externally.

Proprietary Funds The School District classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds. The School District's only proprietary fund is the internal service fund:

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The internal service funds of the School District account for self-insurance programs which provide dental and health benefits to employees.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature. The School District's only fiduciary funds are agency funds. The School District's agency funds are for student activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The School District participates in the Jefferson Health Plan, an insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the basic financial statement as "Cash and Cash Equivalents with Fiscal Agent."

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

During fiscal year 2014, the School District invested in STAR Ohio and STAR Plus. Investments are reported at cost, except for 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, 2014.

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2014 were \$4,520, which includes \$1,118 assigned from other School District funds.

F. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

H. Interfund Receivables/Payables

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

K. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

M. Fund Balance

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

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

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

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

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. 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. Neither type of transaction occurred during fiscal year 2014.

O. Implementation of New Accounting Standards

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, as they pertain to the cash basis of accounting.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the basic financial statements of the School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the basic financial statements of the School District.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 3 – Accountability and Compliance

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2014, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The Title III fund and the Improving Teacher Quality fund had deficit fund balances of \$400 and \$27, respectively, at June 30, 2014.

The general fund provides transfers to cover deficit balances; however; this is done when cash is needed. The deficit fund balances were created at June 30, 2014, due to the School District not yet receiving reimbursement for certain disbursements.

Note 4 – Budgetary Basis of Accounting

The statement of receipts, disbursements and changes in fund balance - budget and actual (cash basis) presented for the general fund and the schoolwide building program fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund and the schoolwide building program fund are as follows:

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Schoolwide Building Program</u>
Budget basis	\$ 1,613,434	\$ 121,293
Funds budgeted elsewhere**	13,876	0
Adjustment for encumbrances	40,560	594
Cash basis	<u>\$ 1,667,870</u>	<u>\$ 121,887</u>

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This includes the unclaimed monies fund and the public school support fund.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim moneys available for investment at any one time; and

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$417,213 of the School District's bank balance of \$4,688,129 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

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

B. Investments

As of June 30, the School District had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Investment Maturity 6 Months or Less</u>
STAR Ohio	\$ 526,462	100.00%	\$ 526,462

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Credit Risk STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2014, is 51 days and it carries a credit rating of AAAM by Standard and Poor's.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial credit 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 School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2014, the School District had investments summarized above in amounts greater than 5 percent of total investments.

C. Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$639,746. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Note 6 – 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 School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Wayne, Holmes and Stark Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 266,443,350	96.69%	\$ 274,361,950	96.66%
Public Utility Personal Property	9,108,260	3.31%	9,488,090	3.34%
Total	\$ 275,551,610	100.00%	\$ 283,850,040	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 51.35		\$ 51.35	

Note 7 – Risk Management

A. Comprehensive

The School District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by these carriers is as follows:

- Building and Contents -replacement cost -\$37,038,858 (\$1,000 deductible)
- Inland Marine Coverage -\$819,115 (\$500 deductible)
- Automobile Liability -\$2,000,000 (\$500 -\$1,000 deductible)
- Uninsured Motorists -\$1,000,000
- General Liability -\$2,000,000 aggregate/each per occurrence

Settled claims have not exceeded this commercial coverage nor has there been any significant reduction in coverage in any of the past three years.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Workers' Compensation

The School District participates in the Ohio School Board Association Workers' Compensation Program (GRP), an insurance rating pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. The GRP is intended to achieve the benefit of a reduced premium by virtue of its grouping and representation with other participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. The total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

C. Employee Medical Benefits

The School District is self-insured for its dental insurance program. Premiums are paid into the self-insurance fund by all other funds and are available to pay claims, claims reserves, and administrative costs of the program. A stop loss insurance contract with a private insurance carrier covers aggregate stop loss in excess of 120 percent of expected claims. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as expenditures in the funds.

The School District has also contracted with the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The plan offers medical and prescription drug coverage on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage.

Note 8 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and .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 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 School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$377,769, \$301,605 and \$296,636, respectively; 78 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary 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. 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 of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$938,615, \$1,004,373 and \$994,233, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$40,011 made by the School District and \$31,438 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 9 - Post-Employment Benefits

A. School Employee Retirement System

Plan Description – The School 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, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. 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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$43,107, \$43,457, and \$48,284, respectively; 78 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare Part B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$21,916, \$17,037, and \$17,518, respectively; 78 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

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 fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$72,201, \$77,259, and \$76,479, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10 - Interfund Transfers and Advances

During fiscal year 2014, the general fund transferred \$4,708,689 to the schoolwide building program fund. Transfers were used to move receipts in accordance with the schoolwide building program.

The Race to the Top and Title VI funds made advances of \$2,270 and \$3,340, respectively, to the general fund as repayments of a prior year advances.

Note 11 – Set-Aside Requirements

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

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

	Capital Improvement Reserve
Set-Aside Restricted Balance, June 30, 2013	\$ 0
Current Year Set-Aside Requirement	263,233
Current Year Offset	(348,896)
Total	\$ (85,663)
Balance Carried Forward to Fiscal Year 2015	\$ 0
Set-Aside Restricted Balance June 30, 2014	\$ 0

Although the School District had current year offsets during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 12 – Fund Balance

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

	<u>General</u>	<u>Permanent Improvement</u>	<u>Schoolwide Building Program</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable for:					
Unclaimed Funds	\$ 448	\$ 0	\$ 0	\$ 0	\$ 448
Restricted for:					
Permanent Improvements	0	571,889	0	0	571,889
Food Service Operations	0	0	0	207,478	207,478
Special Trust	0	0	0	355	355
Extracurricular Activities	0	0	0	46,887	46,887
Auxiliary Services	0	0	0	1	1
Instructional Programs	0	0	162,939	15,375	178,314
Special Education	0	0	0	104,962	104,962
Data Communications	0	0	0	10,800	10,800
Entry Year Programs	0	0	0	800	800
Telecommunity	0	0	0	16,356	16,356
Total Restricted	<u>0</u>	<u>571,889</u>	<u>162,939</u>	<u>403,014</u>	<u>1,137,842</u>
Assigned for:					
Instruction	7,588	0	0	0	7,588
Support Services	32,972	0	0	0	32,972
Public School Support	45,232	0	0	0	45,232
Subsequent Year Appropriations	200,800	0	0	0	200,800
Total Assigned	<u>286,592</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>286,592</u>
Unassigned	<u>3,359,452</u>	<u>0</u>	<u>0</u>	<u>(427)</u>	<u>3,359,025</u>
Total Fund Balances	<u>\$ 3,646,492</u>	<u>\$ 571,889</u>	<u>\$ 162,939</u>	<u>\$ 402,587</u>	<u>\$ 4,783,907</u>

Note 13 – Contingencies and Significant Commitments

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Other Commitments

The School 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 School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$ 41,175
Permanent Improvement	63,563
Schoolwide Building Program	592
Nonmajor Governmental	60,363
	\$ 165,693

Note 14– Jointly Governed Organizations

A. Wayne County Career Center

The Wayne County Career Center (the Career Center) is a separate body politic and corporate, established by the Ohio Revised Code. The Board of Education is comprised of representatives from the Board of each participating school district independent of the School District. The Board is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. Students from the School District may attend the Career Center for vocational training.

B. Tri-County Computer Service Association

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 23 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Education Services Center, which serves as fiscal agent, located at 741 Winkler Drive, Wooster, Ohio 44691. During the year ended June 30, 2014, the School District paid \$97,704 to TCCSA for basic service charges.

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 15 – Related Organization

During fiscal year 2014, the School District provided educational management information systems coordinating services and other administrative services to the Beacon Hill Community School. The Beacon Hill Community School issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Beacon Hill Community School, 9048 Dover Road, Apple Creek, Ohio 44606.

Note 16 – Change in Basis of Accounting and Restatement of Fund Equity

A. Change in Basis of Accounting

For fiscal year 2014, the School District ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2.

B. Restatement of Fund Equity

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the School District as they were previously reported. The effects on net position of governmental activities and the internal service fund are also presented.

	General Fund	Permanent Improvement Fund	Schoolwide Building Program	Other Governmental Funds	Total Governmental Funds
Fund Balances, June 30, 2013	\$ 1,865,467	\$ 564,363	\$ (521,173)	\$ 214,628	\$ 2,123,285
Eliminate:					
Taxes Receivable	(7,596,411)	(274,046)	0	0	(7,870,457)
Accounts Receivable	(103,464)	0	0	(3,323)	(106,787)
Interfund Receivable	(5,610)	0	0	0	(5,610)
Intergovernmental Receivable	(52,235)	0	(179,911)	(64,627)	(296,773)
Inventory Held for Resale	0	0	0	(4,264)	(4,264)
Materials and Supplies Inventory	0	0	0	(2,202)	(2,202)
Accounts Payable	9,214	38,204	12,541	8,807	68,766
Accrued Wages	537,486	0	578,508	65,509	1,181,503
Interfund Payable	0	0	0	5,610	5,610
Intergovernmental Payable	244,497	0	120,263	38,424	403,184
Compensated Absences Payable	57,134	0	0	0	57,134
Deferred Inflows-Property Taxes	6,890,469	248,683	0	0	7,139,152
Unavailable Revenue-Delinquent Property Taxes	131,850	4,842	0	0	136,692
Unavailable Revenue-Other	0	0	30,824	7,724	38,548
Reclassify Unclaimed Monies Fund	225	0	0	(225)	0
Adjusted Fund Balances, July 1, 2013	<u>\$ 1,978,622</u>	<u>\$ 582,046</u>	<u>\$ 41,052</u>	<u>\$ 266,061</u>	<u>\$ 2,867,781</u>

Southeast Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

	Governmental Activities	Internal Service Fund
Net Position, June 30, 2013	\$ 5,601,980	\$ 585,071
Eliminate Government-Wide Financial Statement Adjustments:		
Taxes Receivable	(7,870,457)	0
Accounts Receivable	(106,787)	0
Intergovernmental Receivable	(296,773)	0
Inventory Held for Resale	(4,264)	0
Materials and Supplies Inventory	(2,202)	0
Non-depreciable Capital Assets	(588,680)	0
Depreciable Capital Assets, Net	(2,804,762)	0
Accounts Payable	68,766	0
Accrued Wages	1,181,503	0
Intergovernmental Payable	403,184	0
Compensated Absences Payable	57,134	0
Claims Payable	191,254	191,254
Deferred Inflows-Property Taxes	7,139,152	0
Due Within One Year	172,531	0
Due in More Than One Year	502,527	0
Adjusted Net Position, July 1, 2013	<u>\$ 3,644,106</u>	<u>\$ 776,325</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 62,536	\$ 62,536
Cash Assistance:			
School Breakfast Program	10.553	67,099	67,099
National School Lunch Program	10.555	312,458	312,458
Total Child Nutrition Cluster		<u>442,093</u>	<u>442,093</u>
Total U.S. Department of Agriculture		<u>442,093</u>	<u>442,093</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Special Education - Grants to States	84.027	394,290	376,150
Title I Grants to Local Educational Agencies	84.010	1,286,443	1,289,641
Improving Teacher Quality State Grants	84.367	201,007	206,976
Rural Education	84.358	26,935	24,367
ARRA - Race to the Top, Recovery Grant	84.395	174,092	156,498
English Language Acquisition State Grants	84.365	17,354	17,801
Total U.S. Department of Education		<u>2,100,121</u>	<u>2,071,433</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 2,542,214</u>	<u>\$ 2,513,526</u>

The accompanying notes are an integral part of this schedule.

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Southeast Local School District
Wayne County
9048 Dover Road
Apple Creek, Ohio 44606

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 Southeast Local School District, Wayne County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 16, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and the July 1, 2013 beginning fund balances and Net Position were restated due to this cash basis of accounting being reported instead of GAAP.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

January 16, 2015



Dave Yost • Auditor of State

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

Southeast Local School District
Wayne County
9048 Dover Road
Apple Creek, Ohio 44606

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2014-002. This finding did not require us to modify our compliance opinion on each major federal program.

The District's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2014-002.

Southeast Local School District
Wayne County
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
Page 3

The District's response to the internal control over compliance finding we identified are described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

January 16, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA # 10.553 & 10.555 – Child Nutrition Cluster CFDA # 84.010 – Title I
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

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

FINDING NUMBER 2014-001

Noncompliance

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

Ohio Admin. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The District prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

Officials' Response: Every year the Board of Education passes a resolution to prepare cash basis financial statements. The Southeast Local School Board of Education recognizes the value in preparing timely and accurate financial statements to reflect the District's operations as of fiscal year end. Due to the cost requirements of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year end statements on a cash basis of accounting will reflect the district's financial position and allow for resources previously spent on GAAP to be allocated for educational purposes.

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS

Nutrition Cluster / Title I - Eligibility

Finding Number	2014-002
CFDA Title and Number	Child Nutrition Cluster – CFDA # 10.553 and 10.555 Title I – CFDA # 84.010
Federal Award Number / Year	2014
Federal Agency	U.S. Department of Agriculture U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Significant Deficiency

7 C.F.R. § 245.6 provides that each local educational agency for schools participating in the National School Lunch Program, School Breakfast Program, Special Milk Program, or a commodity only school, shall provide meal benefit forms for use by families in making application for free or reduced price meals or free milk for their children.

Pursuant to **7 C.F.R. § 245.6(c)**, the local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable.

One out of forty (2.5 percent) free and reduced price lunch applications tested for fiscal year 2014 was incorrectly calculated and approved by the Food Service Director for free lunches. Based on the household's total current income and the income eligibility limits, the application should have resulted in reduced price lunches.

Failure to properly review annual free and reduced price lunch applications could lead to students receiving improper benefits. In addition, improper benefit classifications could cause the District to have problems with its Title I program, since the Title I program utilizes the number of students eligible for free lunches to determine school wide program classifications.

We recommend the District's Food Service Director thoroughly review the annual free and reduced price lunch applications to ensure all children receive the benefits they are entitled to and the District is accurately reimbursed based on student eligibility.

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-002	The District will thoroughly review the annual free and reduced lunch applications to ensure all children receive the benefits they are entitled to and the District is accurately reimbursed based on student eligibility immediately. After the initial determination, the confirming official will review the determination in order to ensure accuracy in the process. These processes will be used in reviewing the 2014-15 applications and implemented by the Operations Director.	Immediately	Tim Allen, Director of Operations

**SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Nutrition Cluster Eligibility – 7 CFR section 245.6	No	See report comment 2014-002
2013-002	Nutrition Cluster Verification – 7 CFR section 245.6A(c)(1)	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

SOUTHEAST LOCAL SCHOOL DISTRICT

WAYNE 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
FEBRUARY 24, 2015**