



Dave Yost • Auditor of State

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

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 Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 the Alexander Local School District, Athens County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Classroom Facilities Maintenance and School Wide Building Program Funds 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. The financial statements are prepared on a cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis or to the Schedules of Net Pension Liabilities and Pension Contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 30, 2016

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ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

(Unaudited)

The discussion and analysis of the Alexander Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- < The net position of the District at June 30, 2015 is \$6,040,361. This balance was comprised of a \$2,216,860 balance in net position amounts restricted for specific purposes and a balance of \$3,823,501 in unrestricted net position.
- < In total, net position of governmental activities decreased by \$561,971, which represents an 8.51 percent decrease from 2014.
- < General receipts accounted for \$15,118,852 or 84.41 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$2,791,751 or 15.59 percent of total receipts of \$17,910,603.
- < The District had \$18,472,574 in disbursements related to governmental activities; \$2,791,751 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$15,118,852 along with net position from prior year were used to provide for the remainder of these programs.
- < The District recognizes four major governmental funds: the General, Classroom Facilities Maintenance, School Wide Building Program and Bond Retirement Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$15,795,925 in receipts and \$11,986,653 in disbursements in fiscal year 2015.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as cash received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called the cash basis of accounting.

Proprietary Funds

The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions of the workers compensation program.

Fiduciary Funds

The District's only fiduciary funds are agency funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the cash basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2015 compared to fiscal year 2014:

Table 1
Net Position at Year End

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<u>Assets:</u>		
Cash and Cash Equivalents	\$6,040,361	\$6,602,332
<i>Total Assets</i>	<u>\$6,040,361</u>	<u>\$6,602,332</u>
<u>Net Position:</u>		
Restricted	\$2,216,860	\$2,381,161
Unrestricted	<u>3,823,501</u>	<u>4,221,171</u>
<i>Total Net Position</i>	<u><u>\$6,040,361</u></u>	<u><u>\$6,602,332</u></u>

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Cash and cash equivalents decreased \$561,971 from fiscal year 2014 due to an increase in disbursements, which is primary the result of an increase in regular instruction of \$506,709.

The District's largest portion of net position is unrestricted assets. This net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$2,216,860 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2015 and comparisons to fiscal year 2014.

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<u>Receipts:</u>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,291,093	\$1,342,586
Operating Grants and Contributions	1,476,406	1,390,142
Capital Grants and Contributions	24,252	0
<i>General Receipts:</i>		
Property Taxes	4,492,740	4,433,863
Unrestricted Grants and Entitlements	10,439,052	10,481,950
Investment Earnings	83,189	88,823
Proceeds from Sale of Capital Assets	726	4,325
Insurance Recoveries	15,920	41,516
Miscellaneous	87,225	91,155
<i>Total Receipts</i>	<u>17,910,603</u>	<u>17,874,360</u>
<u>Disbursements:</u>		
<i>Instruction:</i>		
Regular	6,456,752	5,950,043
Special	2,033,629	2,124,193
Vocational	153,694	146,066
Student Intervention Services	111	1,172
Other	1,433,080	1,527,045

(Continued)

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<i>Support Services</i>		
Pupils	1,238,584	1,226,655
Instructional Staff	391,847	342,827
Board of Education	72,017	39,980
Administration	1,190,665	1,056,350
Fiscal	470,913	447,989
Operation and Maintenance of Plant	1,609,962	1,503,338
Pupil Transportation	1,326,669	1,459,112
Central	285,691	290,899
<i>Operation of Non-Instructional Services:</i>		
Food Service	704,761	778,650
Other	21,174	17,182
Extracurricular Activities	397,968	358,070
Capital Outlay	40,739	259,033
Principal Retirement	415,000	390,000
Interest and Fiscal Charges	229,318	249,378
<i>Total Disbursements</i>	<u>18,472,574</u>	<u>18,167,982</u>
<i>Change in Net Position</i>	(561,971)	(293,622)
Net Position - Beginning of Year	<u>6,602,332</u>	<u>6,895,954</u>
Net Position - End of Year	<u><u>\$6,040,361</u></u>	<u><u>\$6,602,332</u></u>

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Other Instruction, Pupil Transportation, and Pupils. These programs account for 76.32 percent of the total governmental activities. Regular Instruction, which accounts for 34.95 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.01 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.72 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Other Instruction, which represents 7.76 percent of the total, represents costs associated with the instruction of students that cannot be defined as regular, special or vocational instruction. Pupil Transportation, which represents 7.18 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities. Pupils, which represents 6.70 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

(Unaudited)

As noted previously, the net position for the governmental activities decreased \$561,971 or 8.51 percent. This is a change from last year when net position decreased \$293,622 or 4.26 percent. Total receipts increased \$36,243 or 0.20 percent from last year and disbursements increased \$304,592 or 1.68 percent over last year.

The District had program receipts increases of \$59,023 and a decrease in general receipts of \$22,780. The increase in program receipts is mostly due to increases in operating grants in fiscal year 2015. The decrease in general receipts is due to a decrease in unrestricted grants and entitlements during fiscal year 2015.

The total disbursements for governmental activities increased \$304,592 as the net result of increases to salaries and for annual raises.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 83.37 percent of total receipts.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 25.08 percent and intergovernmental receipts made up 66.66 percent of the total receipts for the governmental activities in fiscal year 2015.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2015, the District received \$9,784,837 through the State's foundation program, which represents 54.63 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 54.55 percent of governmental program disbursements. Support services disbursements make up 35.65 percent of governmental disbursements. The statement of activities shows the cost of program services and 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 for fiscal year 2015 and comparisons to fiscal year 2014. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Table 3

Net Cost of Governmental Activities

	<u>Governmental Activities</u>		Total Cost of Services	Net Cost of Services
	Total Cost of Services	Net Cost of Services		
	2015	2015		
<i>Program Disbursements:</i>			2014	2014
Instruction	\$10,077,266	\$7,953,131	\$9,748,519	\$7,869,713
Support Services	6,586,348	6,564,737	6,367,150	6,109,362
Operation of Non-Instructional Services	725,935	185,661	795,832	291,765
Extracurricular Activities	397,968	292,237	358,070	266,003
Capital Outlay	40,739	40,739	259,033	259,033
Principal Retirement	415,000	415,000	390,000	390,000
Interest and Fiscal Charges	<u>229,318</u>	<u>229,318</u>	<u>249,378</u>	<u>249,378</u>
Total Disbursements	<u>\$18,472,574</u>	<u>\$15,680,823</u>	<u>\$18,167,982</u>	<u>\$15,435,254</u>

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$22,965,668 and total disbursements and other financing uses of \$23,557,348.

Total governmental funds fund balance decreased by \$591,680. The decrease in fund balance for the year was most significant in the General Fund, where a decrease of \$386,362 occurred as a result of increase in disbursements and transfers out for fiscal year 2015. The fund balance in School Wide Building Program Fund decreased \$65,833 due to an increase in disbursements. The Bond Retirement Fund had a decrease of \$296,269 in fund balance due to a decrease in property tax receipts. The fund balance in the Classroom Facilities Maintenance Fund increased \$107,410 due to a decrease in disbursements for fiscal year 2015.

The District should remain stable in fiscal years 2016 through 2017. However, projections beyond fiscal year 2017 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

During the course of fiscal year 2015, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$15,918,245 representing a \$240,192 change from the original budget estimates of \$15,678,053. For the General Fund, the final budget basis disbursements were \$12,935,230 representing a \$426,343 change from the original budget estimates of \$12,508,887.

Debt Administration

At June 30, 2015 the District had \$4,820,000 in general obligation debt outstanding with \$430,000 due within one year. Table 4 summarizes loans and bonds outstanding for fiscal year 2015 compared to fiscal year 2014.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	<u>Governmental Activities</u>	
	2015	2014
General Obligation Bonds	\$1,500,000	\$1,830,000
Refunding Bonds	2,440,000	2,450,000
Energy Conservation Notes	880,000	955,000
Total	\$4,820,000	\$5,235,000

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the District has remained financially stable over the past few years. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students. Although the District has continued to keep spending in line with revenues, this must continue if the District hopes to remain on firm financial footing.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

(Unaudited)

State Budget:

Externally, the District is largely dependent on State and Federal funding sources (nearly 68 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years. The severe economic crisis also raises concern as a district that is so reliant on State Revenue.

Local Valuations:

New residential real estate growth is expected to slow as compared to prior years. However, the District did undergo a reappraisal in 2014 for Athens County, which added approximately 10% to residential values for 2015. Residential values increased a modest 0.8% during the 2012 triennial update. Valuation growth drives local tax collection growth.

Staffing & Negotiated Increases:

The Board has a contract with the certified staff covering the period from September 1, 2013 to August 31, 2016. The contract specifies a 3% increases for Fiscal Year 2014, 2.5% for Fiscal Year 2015, and 2% for Fiscal Year 2016. The Board extended the same annual increase to the other certificated staff employed by the District. The Board ratified a contract with the classified staff covering the period from July 1, 2013 to June 30, 2016. The classified contract specifies a 3% increases for Fiscal Year 2014, 2.5% for Fiscal Year 2015, and 2% for Fiscal Year 2016. The Board extended the same increase to the other non-certificated employees of the District.

Health Insurance:

Currently, all employers are faced with the challenge of sky-rocketing health insurance increases. Over the past few years, the District's increases in health insurance costs have averaged about 8.5%. There are a number of possible approaches to mitigate the large increases anticipated. A couple of these would include: reducing benefit levels, increasing co-pay and deductible, or do nothing and absorb the increases in health insurance but consider reductions to projected base salary increases (for example, instead of a base salary increase of 3%, consider a lesser increase in lieu of maintaining current health insurance provisions). In fiscal year 2010, OAPSE accepted a new health insurance plan with an increase in co-pays. The ALEA accepted the same change to their plan in fiscal year 2012.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Aaron Schirm, Treasurer of the Alexander Local School District, 6091 Ayers Road, Albany, Ohio 45710.

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ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2015

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,040,361</u>
<i>Total Assets</i>	<u><u>\$6,040,361</u></u>
<u>Net Position:</u>	
<i>Restricted for:</i>	
Capital Projects	\$305,028
Debt Service	983,288
Other Purposes	928,544
Unrestricted	<u>3,823,501</u>
<i>Total Net Position</i>	<u><u>\$6,040,361</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2015

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position	
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
<i>Instruction:</i>					
Regular	\$6,456,752	\$1,057,454	\$659,530	\$0	(\$4,739,768)
Special	2,033,629	0	407,151	0	(1,626,478)
Vocational	153,694	0	0	0	(153,694)
Student Intervention Services	111	0	0	0	(111)
Other	1,433,080	0	0	0	(1,433,080)
<i>Support Services:</i>					
Pupils	1,238,584	450	6,376	0	(1,231,758)
Instructional Staff	391,847	0	11,185	0	(380,662)
Board of Education	72,017	0	0	0	(72,017)
Administration	1,190,665	0	0	0	(1,190,665)
Fiscal	470,913	0	0	0	(470,913)
Operation and Maintenance of Plant	1,609,962	0	0	0	(1,609,962)
Pupil Transportation	1,326,669	0	0	0	(1,326,669)
Central	285,691	0	3,600	0	(282,091)
<i>Operation of Non-Instructional Services:</i>					
Food Service	704,761	157,031	383,243	0	(164,487)
Other	21,174	0	0	0	(21,174)
Extracurricular Activities	397,968	76,158	5,321	24,252	(292,237)
Capital Outlay	40,739	0	0	0	(40,739)
<i>Debt Service:</i>					
Principal Retirement	415,000	0	0	0	(415,000)
Interest and Fiscal Charges	229,318	0	0	0	(229,318)
Total Governmental Activities	\$18,472,574	\$1,291,093	\$1,476,406	\$24,252	(15,680,823)
<u>General Receipts:</u>					
<i>Property Taxes Levied for:</i>					
General Purposes					4,205,440
Debt Service					219,205
Capital Outlay					68,095
Grants and Entitlements not Restricted to Specific Programs					10,439,052
Investment Earnings					83,189
Proceeds from Sale of Capital Assets					726
Insurance Recoveries					15,920
Miscellaneous					87,225
Total General Receipts					15,118,852
Change in Net Position					(561,971)
<i>Net Position at Beginning of Year</i>					6,602,332
<i>Net Position at End of Year</i>					\$6,040,361

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,842,344	\$913,681	\$0	\$983,288	\$230,057	\$5,969,370
Due From Other Funds	427,790	0	0	0	0	427,790
<i>Total Assets</i>	<u>\$4,270,134</u>	<u>\$913,681</u>	<u>\$0</u>	<u>\$983,288</u>	<u>\$230,057</u>	<u>\$6,397,160</u>
<u>Liabilities:</u>						
Due to Other Funds	\$0	\$0	\$427,790	\$0	\$0	\$427,790
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>427,790</u>	<u>0</u>	<u>0</u>	<u>427,790</u>
<u>Fund Balances:</u>						
Nonspendable	1,206	0	0	0	0	1,206
Restricted	0	913,681	0	983,288	368,950	2,265,919
Assigned	181,261	0	0	0	0	181,261
Unassigned	4,087,667	0	(427,790)	0	(138,893)	3,520,984
<i>Total Fund Balances</i>	<u>4,270,134</u>	<u>913,681</u>	<u>(427,790)</u>	<u>983,288</u>	<u>230,057</u>	<u>5,969,370</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,270,134</u>	<u>\$913,681</u>	<u>\$0</u>	<u>\$983,288</u>	<u>\$230,057</u>	<u>\$6,397,160</u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$4,205,440	\$68,095	\$0	\$219,205	\$0	\$4,492,740
Intergovernmental	10,357,925	50,636	0	30,491	1,464,709	11,903,761
Interest	82,869	0	0	0	320	83,189
Tuition and Fees	1,056,494	0	0	0	0	1,056,494
Rent	960	0	0	0	0	960
Extracurricular Activities	450	0	0	0	76,158	76,608
Charges for Services	0	0	0	0	157,031	157,031
Gifts and Donations	6,376	0	0	0	29,573	35,949
Miscellaneous	85,411	0	0	0	1,814	87,225
Total Receipts	15,795,925	118,731	0	249,696	1,729,605	17,893,957
<u>Disbursements:</u>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	3,129,539	0	3,304,820	0	52,102	6,486,461
Special	977,223	0	848,483	0	207,923	2,033,629
Vocational	153,694	0	0	0	0	153,694
Student Intervention Services	111	0	0	0	0	111
Other	1,433,080	0	0	0	0	1,433,080
<i>Support Services:</i>						
Pupils	989,023	0	249,561	0	0	1,238,584
Instructional Staff	328,515	0	50,000	0	13,332	391,847
Board of Education	72,017	0	0	0	0	72,017
Administration	905,910	166	284,031	558	0	1,190,665
Fiscal	458,961	1,860	0	10,092	0	470,913
Operation and Maintenance of Plant	1,600,667	9,295	0	0	0	1,609,962
Pupil Transportation	1,326,669	0	0	0	0	1,326,669
Central	282,091	0	0	0	3,600	285,691
Operation of Non-Instructional Services	21,174	0	0	0	704,761	725,935
Extracurricular Activities	267,240	0	0	0	130,728	397,968
Capital Outlay	40,739	0	0	0	0	40,739
<i>Debt Service:</i>						
Principal Retirement	0	0	0	415,000	0	415,000
Interest and Fiscal Charges	0	0	0	229,318	0	229,318
Total Disbursements	11,986,653	11,321	4,736,895	654,968	1,112,446	18,502,283
Excess of Receipts Over (Under) Disbursements	3,809,272	107,410	(4,736,895)	(405,272)	617,159	(608,326)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Capital Assets	726	0	0	0	0	726
Insurance Recoveries	15,920	0	0	0	0	15,920
Transfers In	0	0	4,671,062	109,003	275,000	5,055,065
Transfers Out	(4,212,280)	0	0	0	(842,785)	(5,055,065)
Total Other Financing Sources (Uses)	(4,195,634)	0	4,671,062	109,003	(567,785)	16,646
Net Change in Fund Balances	(386,362)	107,410	(65,833)	(296,269)	49,374	(591,680)
Fund Balances at Beginning of Year	4,656,496	806,271	(361,957)	1,279,557	180,683	6,561,050
Fund Balances at End of Year	\$4,270,134	\$913,681	(\$427,790)	\$983,288	\$230,057	\$5,969,370

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$3,966,620	\$4,216,985	\$4,205,440	(\$11,545)
Intergovernmental	10,469,569	10,460,473	10,357,925	(102,548)
Interest	89,765	89,687	82,869	(6,818)
Tuition and Fees	1,079,826	1,078,888	1,055,031	(23,857)
Rent	925	925	960	35
Miscellaneous	71,348	71,287	78,137	6,850
<i>Total Receipts</i>	15,678,053	15,918,245	15,780,362	(137,883)
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,160,775	3,220,775	3,145,998	74,777
Special	1,072,278	1,072,279	977,223	95,056
Vocational	158,926	158,926	153,694	5,232
Student Intervention Services	0	1,275	111	1,164
Other	1,662,399	1,661,125	1,433,080	228,045
<i>Support Services:</i>				
Pupils	1,067,823	1,067,820	976,957	90,863
Instructional Staff	307,393	307,390	329,595	(22,205)
Board of Education	43,490	43,492	72,017	(28,525)
Administration	820,008	987,007	906,616	80,391
Fiscal	474,338	474,337	458,961	15,376
Operation and Maintenance of Plant	1,537,349	1,737,351	1,639,018	98,333
Pupil Transportation	1,595,248	1,595,245	1,353,385	241,860
Central	312,524	312,522	282,091	30,431
Operation of Non-Instructional Services	17,764	17,114	21,274	(4,160)
Extracurricular Activities	250,368	250,368	267,240	(16,872)
Capital Outlay	28,204	28,204	99,342	(71,138)
<i>Total Disbursements</i>	12,508,887	12,935,230	12,116,602	818,628
<i>Excess of Receipts Over (Under) Disbursements</i>	3,169,166	2,983,015	3,663,760	680,745
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	1,081	868	726	(142)
Insurance Recoveries	10,379	0	15,920	15,920
Transfers Out	(4,440,528)	(4,440,528)	(4,212,280)	228,248
<i>Total Other Financing Sources (Uses)</i>	(4,429,068)	(4,439,660)	(4,195,634)	244,026
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(1,259,902)	(1,456,645)	(531,874)	924,771
Fund Balance at Beginning of Year	4,540,827	4,540,827	4,540,827	0
Prior Year Encumbrances Appropriated	78,613	78,613	78,613	0
Fund Balance at End of Year	\$3,359,538	\$3,162,795	\$4,087,566	\$924,771

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$69,193	\$69,193	\$68,095	(\$1,098)
Intergovernmental	50,661	50,661	50,636	(25)
<i>Total Receipts</i>	<u>119,854</u>	<u>119,854</u>	<u>118,731</u>	<u>(1,123)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Support Services:</i>				
Administration	216	216	166	50
Fiscal	1,897	1,897	1,860	37
Operation and Maintenance of Plant	122,100	127,100	124,087	3,013
Capital Outlay	160,000	160,000	0	160,000
<i>Total Disbursements</i>	<u>284,213</u>	<u>289,213</u>	<u>126,113</u>	<u>163,100</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(164,359)	(169,359)	(7,382)	161,977
Fund Balance at Beginning of Year	802,995	802,995	802,995	0
Prior Year Encumbrances Appropriated	3,276	3,276	3,276	0
Fund Balance at End of Year	<u>\$641,912</u>	<u>\$636,912</u>	<u>\$798,889</u>	<u>\$161,977</u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
School Wide Building Program Fund
For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts</u>	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,014,277	3,600,804	3,305,707	295,097
Special	884,133	1,012,134	848,483	163,651
<i>Support Services:</i>				
Pupils	231,778	281,986	249,612	32,374
Instructional Staff	0	66,621	50,000	16,621
Administration	306,289	306,288	284,031	22,257
<i>Total Expenditures</i>	4,436,477	5,267,833	4,737,833	530,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,436,477)	(5,267,833)	(4,737,833)	530,000
<u>Other Financing Sources (Uses):</u>				
Transfers In	4,798,434	5,629,790	4,671,062	(958,728)
<i>Total Other Financing Sources (Uses)</i>	4,798,434	5,629,790	4,671,062	(958,728)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	361,957	361,957	(66,771)	(428,728)
<i>Fund Balance at Beginning of Year</i>	(363,321)	(363,321)	(363,321)	0
<i>Prior Year Encumbrances Appropriated</i>	1,364	1,364	1,364	0
<i>Fund Balance at End of Year</i>	\$0	\$0	(\$428,728)	(\$428,728)

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

Proprietary Fund

June 30, 2015

	<u>Governmental Activities Internal Service</u>
<u>Cash Assets:</u>	
<i>Current Cash Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$70,991</u>
<i>Total Cash Assets</i>	<u><u>\$70,991</u></u>
<u>Net Cash Position:</u>	
Unrestricted	<u>70,991</u>
<i>Total Net Cash Position</i>	<u><u>\$70,991</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash
Disbursements and Change in Net Cash Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	Governmental Activities
	Internal Service
<u>Operating Cash Receipts:</u>	
Other	\$66,260
<i>Total Operating Cash Receipts</i>	66,260
<u>Operating Cash Disbursements:</u>	
Other	36,551
<i>Total Operating Cash Disbursements</i>	36,551
<i>Operating Income</i>	29,709
<i>Net Cash Position at Beginning of Year</i>	41,282
<i>Net Cash Position at End of Year</i>	\$70,991

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$66,476</u>
<i>Total Assets</i>	<u>66,476</u>
<u>Liabilities:</u>	
Due to Students	<u>66,476</u>
<i>Total Liabilities</i>	<u><u>\$66,476</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Alexander Local School District (the “District”) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District’s facilities staffed by 83 classified and 107 teaching personnel and 7 administrative employees providing education to approximately 1,612 students.

Reporting Entity

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

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

The parent teacher organizations and booster clubs perform activities within the District’s boundaries for the benefit of its residents, but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Southeastern Ohio Special Education Regional Resource Center, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administration Code Section 117-2-03(B) requires the District’s financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District’s accounting policies are described below.

A. Basis of Presentation

The District’s basic financial statement consists 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.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

Classroom Facilities Maintenance Fund - This fund is used to account for the proceeds of a property tax levy for the maintenance of facilities.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

School Wide Building Program Fund - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

Bond Retirement Fund - This fund is used for the retirement of bonds and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

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

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in a private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund – This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund accounts for the District's workers compensation program.

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

Fund Financial Statements

All governmental funds are accounted for using a flow of cash measurement focus. With this measurement focus, only cash is included on the balance sheet. The statement of receipts, disbursements and changes in cash basis fund balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds, proprietary fund and fiduciary funds financial statements are prepared using the cash basis of accounting.

E. Cash and Cash Equivalents

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

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

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 2015 amounted to \$82,869, which includes \$29,604 assigned from other District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. The District first applies restricted assets for purposes for which both restricted and unrestricted assets are available.

G. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

I. Compensated Absences

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

J. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

K. Pensions

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

L. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net position reports \$2,216,860 of restricted net position, of which none is restricted by enabling legislation.

The District applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Interfund Transactions

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

O. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2015, the District implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”, and GASB Statement No. 69, “Government Combinations and Disposals of Government Operations”, and GASB Statement No. 70, “Accounting and Financial Reporting for Non exchange Financial Guarantees,” and GASB Statement No. 71, “Pension Transition for Contributions made Subsequent to the Measurement Date”. The implementation of GASB Statement No. 68, 69, 70 and 71 had no effect on the prior period fund balances of the District.

B. Compliance

Ohio Administrative 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. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the general fund and major special revenue funds is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the general fund on the cash basis but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement:

	Net Change in Fund Cash Balance		
	General	Classroom Facilities Maintenance	School Wide Building Program
Cash Basis	(\$386,362)	\$107,410	(\$65,833)
Encumbrances	(148,902)	(114,792)	(938)
<i>Prospective Difference:</i>			
Activity of Funds Reclassified			
for Reporting Purposes	3,390	0	0
Budget Basis	(\$531,874)	(\$7,382)	(\$66,771)

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 - BUDGETARY BASIS FUND BALANCES- (Continued)

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 a cash basis. These funds are excluded from the budgetary presentation of the general fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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 be either 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 moneys. 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.

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

- (7) Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
- (8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover deposits of collateral securities that are in the possession of an outside party. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District's investment policy does not address custodial credit risk for deposits.

At June 30, 2015, the carrying amount of all District deposits was \$6,106,837. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2015, \$5,913,853 of the District's bank balance of \$6,413,853 was exposed to custodial risk as discussed above while \$500,000 was covered by Federal Deposit Insurance. The \$5,913,853 exposed to custodial risk was collateralized with securities held by the District or its agency in the District's name.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 - PROPERTY TAXES (Continued)

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

The District receives property taxes from Athens, Meigs and Vinton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. 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 2015 taxes were collected are:

	2014 Second - Half Collections		2015 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$159,908,820	80.87%	\$171,203,820	83.04%
Public Utility Personal	37,838,890	19.13%	34,966,540	16.96%
Total Assessed Value	\$197,747,710	100.00%	\$206,170,360	100.00%
Total rate per \$1,000 of assessed valuation	\$37.47		\$37.47	

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

Building and Contents - replacement cost (\$2,500 deductible)	\$49,784,436
Automobile Liability - Single Limit	2,000,000
Uninsured Motorists :	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Official Bonds:	
Treasurer	20,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - RISK MANAGEMENT- (Continued)

For fiscal year 2015, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 18). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$385,590 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$907,009 for fiscal year 2015.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Net Pension Liability

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$4,482,680	\$15,246,298	\$19,728,978
Proportion of the Net Pension Liability	0.088574%	0.062681%	

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$6,395,452	\$4,482,680	\$2,873,873

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$21,826,738	\$15,246,298	\$9,681,460

NOTE 9 - POSTEMPLOYMENT BENEFITS

School Employee Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

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

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$24,002, \$72,346, and \$69,252, respectively. The full amount has been contributed for all three fiscal years.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

School Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$69,809, and \$70,868 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 10 - EMPLOYEE BENEFITS

Health Care Benefits

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 16 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

NOTE 11 - LONG-TERM OBLIGATIONS

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

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2015</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
General Obligation Bonds	2001	3.50- 5.60%	\$1,830,000	\$0	\$330,000	\$1,500,000	\$345,000
Refunding Bonds		4.00-					
Term Bonds	2007	4.25%	2,450,000	0	10,000	2,440,000	10,000
Energy Conservation Notes	2010	3.71- 4.18%	955,000	0	75,000	880,000	75,000
Total Governmental Activities Long-Term Obligations			<u>\$5,235,000</u>	<u>\$0</u>	<u>\$415,000</u>	<u>\$4,820,000</u>	<u>\$430,000</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds were issued in the amount of \$7,270,000 in April 2001, as a result of the District being approved for \$20,297,652 school facilities funding through the State Department of Education for the renovation of the high school building and to consolidate kindergarten through grade 12 into one building. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.06 mill levy in November 2000. Of the 5.06 mill levy, 4.56 mills is used for the retirement of the bonds that were issued and are in effect for twenty-three years. The remaining .5 mill is used for repairs and maintenance of the facility. As a part of this funding process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution.

On August 15, 2007, the District issued \$2,654,997 refunding bonds for the purpose of advance refunding a portion of the 2001 General Obligation Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$92,310 and a reduction of \$91,113 in future debt service payments. The refunding bonds are retired through the Bond Retirement Debt Service Fund using tax revenues.

The other bonds are also paid from the Bond Retirement Debt Service Fund.

The District's voted legal debt margin was \$14,718,620 with an unvoted debt margin of \$206,170 at June 30, 2015.

Principal and interest requirements to retire the general obligation bonds at June 30, 2015 are as follows:

Year Ending June 30	General Obligation Bonds		Refunding Bonds	
	Principal	Interest	Term Bonds Principal	Interest
2016	\$345,000	\$74,340	\$10,000	\$101,675
2017	365,000	54,460	15,000	101,175
2018	385,000	33,460	15,000	100,575
2019	405,000	11,340	15,000	99,975
2020	0	0	445,000	90,775
2021-2024	0	0	1,940,000	168,437
Total	<u>\$1,500,000</u>	<u>\$173,600</u>	<u>\$2,440,000</u>	<u>\$662,612</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending June 30	Energy Conservation Notes		Totals	
	Principal	Interest	Principal	Interest
2016	\$75,000	\$32,203	\$430,000	\$208,218
2017	80,000	29,923	460,000	185,558
2018	80,000	27,162	480,000	161,197
2019	85,000	24,316	505,000	135,631
2020	85,000	21,150	530,000	111,925
2021-2025	475,000	50,890	2,415,000	219,327
Total	<u>\$880,000</u>	<u>\$185,644</u>	<u>\$4,820,000</u>	<u>\$1,021,856</u>

NOTE 12 - FUND BALANCE

As of June 30, 2015, fund balances are composed of the following:

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<i>NonSpendable:</i>						
Unclaimed Monies	\$1,206	\$0	\$0	\$0	\$0	\$1,206
<i>Restricted:</i>						
<i>Special Revenues:</i>						
Facilities Maintenance	0	913,681	0	0	0	913,681
Food Services	0	0	0	0	15,672	15,672
Local Grants	0	0	0	0	14,857	14,857
State Grants	0	0	0	0	6	6
Debt Service	0	0	0	983,288	0	983,288
Capital Projects	0	0	0	0	305,028	305,028
Athletics/Band	0	0	0	0	33,387	33,387
<i>Total Restricted</i>	<u>0</u>	<u>913,681</u>	<u>0</u>	<u>983,288</u>	<u>368,950</u>	<u>2,265,919</u>
<i>Assigned:</i>						
<i>Encumbrances for:</i>						
Special Instruction	20,112	0	0	0	0	20,112
Pupils	3,234	0	0	0	0	3,234
Instructional Staff	1,080	0	0	0	0	1,080
Administration	706	0	0	0	0	706
Operation & Maint. of Plant	38,350	0	0	0	0	38,350
Pupil Transportation	26,716	0	0	0	0	26,716
Capital Outlay	58,603	0	0	0	0	58,603
Uniform School Supplies	8,052	0	0	0	0	8,052
Public School Support	24,408	0	0	0	0	24,408
<i>Total Assigned</i>	<u>181,261</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>181,261</u>
<i>Unassigned</i>	<u>4,087,667</u>	<u>0</u>	<u>(427,790)</u>	<u>0</u>	<u>(138,893)</u>	<u>3,520,984</u>
Total Fund Balances	<u>\$4,270,134</u>	<u>\$913,681</u>	<u>(\$427,790)</u>	<u>\$983,288</u>	<u>\$230,057</u>	<u>\$5,969,370</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 - INTERFUND ACTIVITY

During fiscal year 2015, interfund transfers were as follows:

Transfers From	Transfers To			
	School Wide Building Program	Bond Retirement	Nonmajor Special Revenue	Total
General	\$3,828,277	\$109,003	\$275,000	\$4,212,280
Nonmajor Special Revenue	842,785	0	0	842,785
Total	\$4,671,062	\$109,003	\$275,000	\$5,055,065

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 14 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2015:

	Capital Improvements
Set-Aside Balance as of July 1, 2014	\$0
Current Year Set-Aside Requirement	268,852
Current Year Offset	(68,095)
Qualifying Disbursements	(675,926)
Total	(475,169)
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$475,169)
Set-Aside Reserve Balance as of June 30, 2015	\$0

Excess of qualified expenditures for capital improvements do not carry forward.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 15 – ENCUMBRANCE COMMITMENTS

At June 30, 2015, the District had encumbrance commitments in the Governmental Funds as follows:

<i><u>Major Funds:</u></i>	
General	\$148,902
Classroom Facilities Mainenance	114,792
School Wide Building Program	938
<i><u>Nonmajor Funds:</u></i>	
Lunchroom	67
Local Grants	2,250
Athletics and Bands	17,209
<i>Total Nonmajor Funds</i>	<u>19,526</u>
 Total Encumbrances	 <u><u>\$284,158</u></u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative

The Southeast Ohio Voluntary Education Cooperative (SEOVEC), is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC has 28 participants consisting of 25 school districts and 3 educational service centers. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to member districts. Each member district pays a fee annually for services provided by SEOVEC. SEOVEC is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member of the district’s control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. Athens-Meigs Educational Service Center of Athens County serves as the fiscal agent. The continued existence of SEOVEC is not dependent on the District’s continued participation and no equity interest exists. SEOVEC has no outstanding debt. Financial statements for SEOVEC can be obtained from the Southeast Ohio Voluntary Educational Consortium, 221 North Columbus Road, Athens, Ohio 45701. The District paid SEOVEC \$99,731 in fiscal year 2015.

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Alexander Local School District’s Superintendent is an alternate on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2015, the District made no contributions to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, OH 43326.

NOTE 17 - AFFILIATED ORGANIZATION

Alexander Future Foundation

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder is elected from members of the District's Community.

NOTE 18 - GROUP PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 19 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Two Fiscal Years

	<u>2014</u>	<u>2015</u>
<u>School Employees Retirement System of Ohio</u>		
District's Proportion of the Net Pension Liability (Asset)	0.088574%	0.088574%
District's Proportionate Share of the Net Pension Liability (Asset)	\$5,267,212	\$4,482,680
District's Covered-Employee Payroll	\$3,302,794	\$2,925,569
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	159.48%	153.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.52%	71.70%
<u>State Teachers Retirement System of Ohio</u>		
District's Proportion of the Net Pension Liability (Asset)	0.062681%	0.062681%
District's Proportionate Share of the Net Pension Liability (Asset)	\$18,161,160	\$15,246,298
District's Covered-Employee Payroll	\$6,980,892	\$6,478,636
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	260.16%	235.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.30%	74.71%

ALEXANDER LOCAL SCHOOL DISTRICT

Schedule of the District Contributions

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>School Employees Retirement System of Ohio</u>										
Contractually Required Contributions	\$278,346	\$248,905	\$242,207	\$215,852	\$268,717	\$411,471	\$362,888	\$426,305	\$432,666	\$385,590
Contributions in Relation to the Contractually Required Contributions	(278,346)	(248,905)	(242,207)	(215,852)	(268,717)	(411,471)	(362,888)	(426,305)	(432,666)	(385,590)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$2,630,870	\$2,330,571	\$2,466,466	\$2,193,618	\$2,102,637	\$3,484,090	\$2,857,386	\$3,254,237	\$3,302,794	\$2,925,569
Contributions as a Percentage of Covered-Employee Payroll	10.58%	10.68%	9.82%	9.84%	12.78%	11.81%	12.70%	13.10%	13.10%	13.18%
<u>State Teachers Retirement System of Ohio</u>										
Contractually Required Contributions	\$887,407	\$787,842	\$770,512	\$876,162	\$838,909	\$986,294	\$900,848	\$921,278	\$907,516	\$907,009
Contributions in Relation to the Contractually Required Contributions	(887,407)	(787,842)	(770,512)	(876,162)	(838,909)	(986,294)	(900,848)	(921,278)	(907,516)	(907,009)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$6,826,208	\$6,060,323	\$5,927,015	\$6,739,708	\$6,453,146	\$7,586,877	\$6,929,600	\$7,086,754	\$6,980,892	\$6,478,636
Contributions as a Percentage of Covered-Employee Payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	\$101,041	\$101,041
National School Lunch Program	2014/2015	10.555	274,390	274,390
Cash Assistance Subtotal			<u>375,431</u>	<u>375,431</u>
Total Child Nutrition Cluster			375,431	375,431
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014	84.010	127,943	85,382
	2015		445,505	507,236
Total Title I			<u>573,448</u>	<u>592,618</u>
Special Education Cluster:				
Special Education - Grants to States	2014	84.027	104,066	53,748
	2015		264,335	322,271
Total Special Education - Grants to States			<u>368,401</u>	<u>376,019</u>
Special Education - Preschool Grants	2014	84.173	3,206	2,392
	2015		8,490	9,801
Total Special Education - Preschool Grants			<u>11,696</u>	<u>12,193</u>
Total Special Education Cluster			380,097	388,212
Rural Education	2014	84.358	7,249	5,409
	2015		19,805	22,865
Total Rural Education			<u>27,054</u>	<u>28,274</u>
Improving Teacher Quality State Grants	2014	84.367	22,853	17,055
	2015		61,490	70,990
Total Improving Teacher Quality State Grants			<u>84,343</u>	<u>88,045</u>
Total U.S. Department of Education			<u>1,064,942</u>	<u>1,097,149</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,440,373</u>	<u>\$1,472,580</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



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

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

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 Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-001 and 2015-002.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

March 30, 2016



Dave Yost • Auditor of State

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

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 30, 2016

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster: School Breakfast Program – CFDA #10.553 and National School Lunch Program – CFDA #10.555 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2015-001

Noncompliance

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

Ohio Admin. Code § 117-2-03(B) requires the District to file its annual financial report pursuant to generally accepted accounting principles. However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles.

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 § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

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

FINDING NUMBER 2015-001 (Continued)

Noncompliance – Ohio Rev. Code § 117.38 (Continued)

The School District should take the necessary steps to ensure that its annual financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

The District has chosen to use the most cost-effective financial reporting system available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

FINDING NUMBER 2015-002

Noncompliance

Ohio Rev. Code § 3317.031 provides, in part, that a membership record shall be kept by grade level in each local school district. Such membership record shall show the following information for each pupil enrolled:

- Name;
- date of birth;
- name of parent;
- date entered school;
- date withdrawn from school;
- days present;
- days absent;
- and the number of days school was open for instruction while the pupil was enrolled.

At the end of the school year this membership record shall show the total days present, the total days absent, and the total days due for all pupils in each grade. Such membership record shall show the pupils that are transported to and from school and it shall also show the pupils that are transported living within one mile of the school attended. This membership record shall also show any other information prescribed by the state board of education.

As part of their EMIS reporting requirements, school districts must collect the following data on each pupil which will be used, in part, for Foundation Funding and report card calculations and is viewable by other attending schools within the Student Cross Reference:

- Student name (listed alphabetically);
- Grade level;
- Date of enrollment (date pupil enrolled in the counting school);
- Status – this is the status code used in EMIS (i.e., most will be 0 = resident student);
- Resident district IRN number (i.e., Most students will be residents of the home school district). The counting school should use the child's resident school district IRN number for students outside of the district, such as open enrollment students;

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

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

FINDING NUMBER 2015-002 (Continued)

Noncompliance – Ohio Rev. Code § 3317.031 (Continued)

- Attending home IRN number and indicator;
- Pupil attendance (the attendance documents should indicate each day a student is not in attendance and the reason for the absence).

This data should be part of an attendance record for each student. To complete the attendance status, the person taking attendance must keep an accurate record of those students who are present and those who are absent. In addition, each day of absence must be determined to be excused or unexcused. Under Ohio Admin. § 3301-69-02, there are eight reasons for absence to be excused:

1. Personal illness;
2. Illness in the family;
3. Quarantine of the home;
4. Death of a relative;
5. Medical or dental appointment;
6. Observance of religious holidays;
7. College visitation;
8. Emergency or set of circumstances which, in the judgment of the superintendent of schools, constitutes a good and sufficient cause for absence from school.

The school district must determine by contact with the parent or guardian if the reason for absence is one of the eight listed. If the reason for absence is not one of the eight, the student must be marked unexcused for that day. Written documentation is required for excused absences and should be dated and collected in a timely fashion.

Ohio Rev. Code § 2151.011(B)(22) provides an additional list of legitimate excuses for absences.

Excuses for “excused” absences should be available in the school office and with the class list for each attendance teacher. This includes notes from home, phone logs, suspension notices, and other relevant documents.

All excuses from parents, and other documents, regardless of format or condition, become official attendance records. Ohio Rev. Code § 3317.031 requires, “this membership record shall be kept intact for at least five years and shall be made available to the State Board of Education or its representative in making an audit of the average daily membership or the transportation of the district.”

All notes and other verification information relative to excused absences and tardiness should be organized by attendance period in a folder. Suspension or expulsion are examples of other types of verification that should be included in the folder. If a telephone call is the means of confirming excused absences, a copy of the log should be included in the folder. The log should contain the date of the absence, the date of the call, the name of the person making the call, the name and relationship of the person contacted, and the reason for the absence.

The District destroyed the proper documentation for excused absences at the end of each school year for 100% of the students at the High School.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

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

FINDING NUMBER 2015-002 (Continued)

Noncompliance – Ohio Rev. Code § 3317.031 (Continued)

The District should determine by contact with the parent or guardian the reason for absence and determine if allowable as excused or unexcused. Written documentation for excused absences should be dated and collected in a timely fashion and retained for at least five years. If a telephone call is the means of confirming excused absences, a copy of the log should be included in the folder. The log should contain the date of the absence, the date of the call, the name of the person making the call, the name and relationship of the person contacted, and the reason for the absence.

Officials' Response:

We keep parent excuse slips until the end of the school year in which they are disposed of per our approved record retention schedule. Phone calls authorizing absences are noted on the computer and kept in our student EMIS software and are still available for review upon request. We will amend our policy to keep excuse slips until after reviewed by the auditors for the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Noncompliance with Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – Annual Financial Report not presented in accordance with generally accepted accounting principles	No	Not Corrected. Reissued as Finding Number 2015-001.

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Dave Yost • Auditor of State

ALEXANDER LOCAL SCHOOL DISTRICT

ATHENS 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
APRIL 12, 2016**