



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED SCHOOL DISTRICT
BELMONT COUNTY**

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BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

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 Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Schedule of Federal Awards 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 in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School 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

February 10, 2016

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Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2015 are as follows:

- Net position of governmental activities increased \$144,139.
- General revenues accounted for \$10,471,701 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$3,370,941 or 24 percent of total revenues of \$13,842,642.
- Total assets of governmental activities decreased \$496,995, primarily due to a decrease in State and Federal funding which was offset by an increase in equity in pooled cash and cash equivalents.
- The School District had \$13,698,503 in expenses related to governmental activities; only \$3,370,941 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues of \$10,471,701 were adequate to provide for these programs.
- Governmental funds had total revenues and other financing sources in the amount of \$15,869,555 and \$15,711,459 in expenditures and other financing uses. The total Governmental funds' balance increased \$158,096.

Using this Annual Financial Report

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities.

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, food service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Schoolwide Pool Special Revenue Fund, and the Debt Service Fund.

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1
Net Position
Governmental Activities

	2015	2014	Change
Assets			
Current and Other Assets	\$11,093,969	\$11,053,018	\$40,951
Capital Assets	14,111,925	14,649,871	(537,946)
Total Assets	25,205,894	25,702,889	(496,995)
Deferred Outflow of Resources			
Pension	1,015,548	835,122	180,426
Liabilities			
Current and Other Liabilities	1,067,483	1,050,511	16,972
Long-Term Liabilities:			
Due Within One Year	351,760	325,698	26,062
Due in More Than One Year:			
Net Pension Liability	14,032,971	16,673,628	(2,640,657)
Other Amounts	2,806,223	3,133,485	(327,262)
Total Liabilities	18,258,437	21,183,322	(2,924,885)
Deferred Inflows of Resources			
Property Taxes	3,849,589	3,922,136	(72,547)
Pension	2,536,724	0	2,536,724
Total Deferred Inflows of Resources	6,386,313	3,922,136	2,464,177
Net Position			
Net Investment in Capital Assets	11,823,846	12,104,528	(280,682)
Restricted	1,224,776	1,545,703	(320,927)
Unrestricted	(11,471,930)	(12,217,678)	745,748
Total Net Position	\$1,576,692	\$1,432,553	\$144,139

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

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

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

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

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$17,271,059 to \$1,432,553.

Total assets decreased \$496,995. As indicated previously, the decrease is primarily due to decreased State and Federal funding that was offset by an increase to equity in pooled cash and cash equivalents.

Long-term liabilities, excluding the pension liability, decreased due to lower long-term debt payments.

Net Investment in Capital Assets, decreased \$280,682 due primarily to depreciation of capital assets.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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

Table 2			
Changes in Net Position			
Governmental Activities			
	2015	2014	Change
Revenues			
Program Revenues			
Charges for Services	\$1,348,310	\$1,112,571	\$235,739
Operating Grants and Contributions	2,022,631	2,504,378	(481,747)
Total Program Revenues	3,370,941	3,616,949	(246,008)
General Revenues			
Property Taxes	4,166,617	4,253,951	(87,334)
Grants and Entitlements not Restricted to Specific Programs	6,175,671	5,921,549	254,122
Others	129,413	91,095	38,318
Total General Revenues	10,471,701	10,266,595	205,106
Total Revenues	13,842,642	13,883,544	(40,902)
Program Expenses			
Instruction			
Regular	6,617,499	6,231,270	386,229
Special	1,338,554	1,382,090	(43,536)
Vocational	120,512	114,314	6,198
Student Intervention Services	28,627	89,134	(60,507)
Support Services			
Pupil	922,971	882,843	40,128
Instructional Staff	530,742	500,883	29,859
Board of Education	49,312	67,000	(17,688)
Administration	605,041	651,536	(46,495)
Fiscal	645,409	624,109	21,300
Business	43,419	29,628	13,791
Operation and Maintenance of Plant	1,296,229	1,306,559	(10,330)
Pupil Transportation	697,952	618,449	79,503
Central	13,770	56,962	(43,192)
Operation of Non-Instructional Services	12,525	1,626	10,899
Food Service Operations	421,830	412,730	9,100
Extracurricular Activities	237,242	188,590	48,652
Interest and Fiscal Charges	116,869	125,658	(8,789)
Total Expenses	13,698,503	13,283,381	415,122
Increase in Net Position	144,139	600,163	(456,024)
Net Position Beginning of Year	1,432,553	N/A	
Net Position End of Year	\$1,576,692	\$1,432,553	\$144,139

Barnesville Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$835,122 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$599,013. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$13,698,503
Pension expense under GASB 68	(599,013)
2015 contractually required contribution	<u>883,372</u>
Adjusted 2015 program expenses	13,982,862
Total 2014 program expenses under GASB 27	<u>13,283,381</u>
Increase in program expenses not related to pension	<u><u>\$699,481</u></u>

In 2015, 30 percent of the School District's revenues were from property taxes and 45 percent were from unrestricted grants and entitlements. The School District experienced a decrease in operating grants and contributions from fiscal year 2014 due to decreased State and Federal funding.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 82 percent is for regular instruction, 17 percent for special instruction, 1 percent for vocational instruction. Instructional program expenses increased \$288,384. The total expenses increased \$415,122 due primarily to an increase in regular instruction expenses.

The Statement of Activities shows the cost of program services and the charges for services, and operating grants and contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2015 compared to fiscal year 2014. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Barnesville Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction:				
Regular	\$6,617,499	\$6,231,270	\$4,876,116	\$4,299,581
Special	1,338,554	1,382,090	532,054	576,189
Vocational	120,512	114,314	88,847	69,462
Student Intervention Services	28,627	89,134	7,543	33,269
Support Services:				
Pupil	922,971	882,843	906,420	841,696
Instructional Staff	530,742	500,883	491,011	439,916
Board of Education	49,312	67,000	49,312	67,000
Administration	605,041	651,536	586,246	625,099
Fiscal	645,409	624,109	609,429	582,097
Business	43,419	29,628	43,419	29,628
Operation and Maintenance of Plant	1,296,229	1,306,559	1,257,964	1,267,230
Pupil Transportation	697,952	618,449	614,526	599,240
Central	13,770	56,962	13,770	8,154
Operation of Non-Instructional Service	12,525	1,626	806	933
Food Service Operations	421,830	412,730	53,212	58,343
Extracurricular Activities	237,242	188,590	80,018	42,937
Interest and Fiscal Charges	116,869	125,658	116,869	125,658
Total Expenses	\$13,698,503	\$13,283,381	\$10,327,562	\$9,666,432

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 75 percent of expenses are supported through taxes and other general revenues.

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, Schoolwide Pool Fund, and the Debt Service Fund. The General Fund had \$11,815,451 in revenues and \$9,353,548 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$487,866. The Schoolwide Pool Fund had \$2,364,960 in revenues and transfers in, and had \$2,364,960 in expenditures, leaving no fund balance. The Debt Service Fund had \$339,748 in revenues and \$274,587 in expenditures. The Debt Service Fund's balance increased \$65,161.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were increases and decreases for instructional expenditures between the final budget and actual expenditures that reflected actual School District operational costs.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$14,111,925 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2015, the School District had \$2,415,064 in outstanding bonds including premiums, and accretion. In addition, the School District had \$72,179 in outstanding capital leases. See Note 16 for more detailed information on the School District's debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

Economic Factors

During fiscal year 2008, the Barnesville Exempted Village School District was released from fiscal emergency. The current five year forecast reflects that the School District will encounter deficit spending within the next five years; however, the School District's carryover balance is sufficient to ensure that the School District maintains a positive cash balance throughout the five year period.

In fiscal year 2009, the School District applied and was approved for a House Bill 264 energy conservation project through the Ohio School Facilities Commission. The project is intended to improve energy efficiency in the School District and the total project cost was \$951,728 which included additional fees for the issuance of the bonds in the amount of \$14,289. The School District chose to pay for \$251,298 of the project with local funds and financed the remaining portion of \$714,719, which included \$700,430 in project funds and \$14,289 in issuance costs and the School District issued \$714,419 in debt via the 2009 Qualified School Construction Bond (QSCB) Program, on November 24, 2009.

The School District continues to rely heavily on State foundation funding. New public utility personal property taxes received in recent years from the Rockies Express Pipeline will continue to help offset the any potential reductions in State funding. The School District has not solicited voters to support a tax levy in order to generate additional revenue.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Matt King, Treasurer/CFO at Barnesville Exempted Village School District, 210 W. Church Street, Barnesville, Ohio 43713.

Barnesville Exempted Village School District

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,490,784
Intergovernmental Receivable	155,680
Prepaid Items	7,042
Materials and Supplies Inventory	28,747
Property Taxes Receivable	4,411,716
Non-Depreciable Capital Assets	293,412
Depreciable Capital Assets, Net	<u>13,818,513</u>
<i>Total Assets</i>	<u>25,205,894</u>
Deferred Outflows of Resources	
Pension	<u>1,015,548</u>
Liabilities	
Accounts Payable	26,532
Accrued Wages and Benefits Payable	705,427
Intergovernmental Payable	210,388
Contracts Payable	21,600
Retainage Payable	2,400
Accrued Interest Payable	6,113
Vacation Benefits Payable	95,023
Long-Term Liabilities:	
Due Within One Year	351,760
Due In More Than One Year:	
Net Pension Liability (See Note 11)	14,032,971
Other Amounts Due in More Than One Year	<u>2,806,223</u>
<i>Total Liabilities</i>	<u>18,258,437</u>
Deferred Inflows of Resources	
Property Taxes	3,849,589
Pension	<u>2,536,724</u>
<i>Total Deferred Inflows of Resources</i>	<u>6,386,313</u>
Net Position (Deficit)	
Net Investment in Capital Assets	11,823,846
Restricted for:	
Debt Service	950,674
Building Maintenance	80,911
Food Service Operation	85,313
Local Programs	107,878
Unrestricted	<u>(11,471,930)</u>
<i>Total Net Position</i>	<u><u>\$1,576,692</u></u>

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$6,617,499	\$1,084,148	\$657,235	(\$4,876,116)
Special	1,338,554	0	806,500	(532,054)
Vocational	120,512	0	31,665	(88,847)
Student Intervention Services	28,627	0	21,084	(7,543)
Support Services:				
Pupil	922,971	0	16,551	(906,420)
Instructional Staff	530,742	0	39,731	(491,011)
Board of Education	49,312	0	0	(49,312)
Administration	605,041	0	18,795	(586,246)
Fiscal	645,409	0	35,980	(609,429)
Business	43,419	0	0	(43,419)
Operation and Maintenance of Plant	1,296,229	0	38,265	(1,257,964)
Pupil Transportation	697,952	0	83,426	(614,526)
Central	13,770	0	0	(13,770)
Operation of Non-Instructional Services	12,525	0	11,719	(806)
Food Service Operations	421,830	106,938	261,680	(53,212)
Extracurricular Activities	237,242	157,224	0	(80,018)
Interest and Fiscal Charges	116,869	0	0	(116,869)
<i>Total Governmental Activities</i>	<u>\$13,698,503</u>	<u>\$1,348,310</u>	<u>\$2,022,631</u>	<u>(10,327,562)</u>

General Revenues

Property Taxes Levied for General Purposes	3,888,810
Property Taxes Levied for Building Maintenance	754
Property Taxes Levied for Debt Service	277,053
Grants and Entitlements not Restricted to Specific Programs	6,175,671
Gifts and Donations	24,789
Investment Earnings	41,811
Miscellaneous	62,813
<i>Total General Revenues</i>	<u>10,471,701</u>
Change in Net Position	144,139
<i>Net Position Beginning of Year - Restated (Note 3)</i>	<u>1,432,553</u>
<i>Net Position End of Year</i>	<u><u>\$1,576,692</u></u>

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2015

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,916,896	\$0	\$915,514	\$655,974	\$6,488,384
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,400	0	0	0	2,400
Receivables:					
Property Taxes	3,963,623	0	381,671	66,422	4,411,716
Intergovernmental	76,660	0	0	79,020	155,680
Interfund	36,150	273,458	0	0	309,608
Prepaid Items	7,042	0	0	0	7,042
Materials and Supplies Inventory	18,088	0	0	10,659	28,747
<i>Total Assets</i>	<u>\$9,020,859</u>	<u>\$273,458</u>	<u>\$1,297,185</u>	<u>\$812,075</u>	<u>\$11,403,577</u>
Liabilities					
Accounts Payable	\$22,134	\$0	\$0	\$4,398	\$26,532
Accrued Wages and Benefits	422,517	231,892	0	51,018	705,427
Contracts Payable	21,600	0	0	0	21,600
Retainage Payable	2,400	0	0	0	2,400
Interfund Payable	269,602	0	0	40,006	309,608
Intergovernmental Payable	153,729	41,566	0	15,093	210,388
<i>Total Liabilities</i>	<u>891,982</u>	<u>273,458</u>	<u>0</u>	<u>110,515</u>	<u>1,275,955</u>
Deferred Inflows of Resources					
Property Taxes	3,451,570	0	340,398	57,621	3,849,589
Unavailable Revenue	152,478	0	6,671	1,422	160,571
<i>Total Deferred Inflows of Resources</i>	<u>3,604,048</u>	<u>0</u>	<u>347,069</u>	<u>59,043</u>	<u>4,010,160</u>
Fund Balances					
Nonspendable:					
Materials and Supplies Inventory	18,088	0	0	10,659	28,747
Prepaid Items	7,042	0	0	0	7,042
Restricted for:					
Debt Service	0	0	950,116	0	950,116
Building Maintenance	0	0	0	79,489	79,489
Food Service Operation	0	0	0	74,654	74,654
Local Programs	0	0	0	107,878	107,878
Committed to:					
Capital Projects	0	0	0	375,367	375,367
Assigned to:					
Encumbrances	223,194	0	0	0	223,194
Unassigned	4,276,505	0	0	(5,530)	4,270,975
<i>Total Fund Balances</i>	<u>4,524,829</u>	<u>0</u>	<u>950,116</u>	<u>642,517</u>	<u>6,117,462</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,020,859</u>	<u>\$273,458</u>	<u>\$1,297,185</u>	<u>\$812,075</u>	<u>\$11,403,577</u>

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2015*

Total Governmental Fund Balances \$6,117,462

*Amounts reported for governmental activities in the
Statement of Net Position are different because*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 14,111,925

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Tuition and Fees	63,855
Property Taxes	<u>96,716</u>

Total 160,571

Vacation Benefits Payable is recognized for earned
vacation benefits that are not expected to be paid with expendable
available financial resources and therefore are not reported in the funds. (95,023)

Long-term liabilities and accrued interest payable
are not due and payable in the current period
and therefore are not reported in the funds:

General Obligation Bonds	2,010,000
Capital Appreciation Bonds	94,999
Bond Premium	86,901
Accrued Interest Payable	6,113
Capital Leases	72,179
Compensated Absences	670,740
Capital Appreciation Bonds Accretion	<u>223,164</u>

Total (3,164,096)

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in the governmental funds:

Deferred Outflows - Pension	1,015,548
Net Pension Liability	(14,032,971)
Deferred Inflows - Pension	<u>(2,536,724)</u>

Total (15,554,147)

Net Position of Governmental Activities \$1,576,692

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,915,187	\$0	\$298,382	\$4,332	\$4,217,901
Intergovernmental	6,689,419	390,923	35,980	1,081,980	8,198,302
Interest	32,588	0	5,386	3,837	41,811
Tuition and Fees	1,077,430	0	0	0	1,077,430
Extracurricular Activities	53,918	0	0	103,306	157,224
Gifts and Donations	4,776	0	0	20,013	24,789
Charges for Services	8,310	0	0	106,938	115,248
Miscellaneous	33,823	0	0	28,990	62,813
<i>Total Revenues</i>	<u>11,815,451</u>	<u>390,923</u>	<u>339,748</u>	<u>1,349,396</u>	<u>13,895,518</u>
Expenditures					
Current:					
Instruction:					
Regular	3,908,086	1,805,819	0	703,792	6,417,697
Special	699,489	350,505	0	275,498	1,325,492
Vocational	103,450	0	0	0	103,450
Student Intervention Services	7,543	0	0	21,084	28,627
Support Services:					
Pupil	811,299	95,806	0	2,031	909,136
Instructional Staff	570,856	214	0	41,177	612,247
Board of Education	51,160	0	0	0	51,160
Administration	444,061	112,378	0	228	556,667
Fiscal	619,111	0	8,666	1,568	629,345
Business	42,719	0	0	0	42,719
Operation and Maintenance of Plant	1,203,759	0	0	74,330	1,278,089
Pupil Transportation	536,279	238	0	88,339	624,856
Central	13,103	0	0	0	13,103
Operation of Non-Instructional Services	84	0	0	12,441	12,525
Food Service Operations	0	0	0	388,303	388,303
Extracurricular Activities	103,639	0	0	118,986	222,625
Capital Outlay	148,336	0	0	16,550	164,886
Debt Service:					
Principal Retirement	74,805	0	195,000	0	269,805
Interest and Fiscal Charges	15,769	0	70,921	0	86,690
<i>Total Expenditures</i>	<u>9,353,548</u>	<u>2,364,960</u>	<u>274,587</u>	<u>1,744,327</u>	<u>13,737,422</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,461,903</u>	<u>(1,974,037)</u>	<u>65,161</u>	<u>(394,931)</u>	<u>158,096</u>
Other Financing Sources (Uses)					
Transfers In	0	1,974,037	0	0	1,974,037
Transfers Out	(1,974,037)	0	0	0	(1,974,037)
Total Other Financing Sources (Uses)	<u>(1,974,037)</u>	<u>1,974,037</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	487,866	0	65,161	(394,931)	158,096
<i>Fund Balances Beginning of Year</i>	<u>4,036,963</u>	<u>0</u>	<u>884,955</u>	<u>1,037,448</u>	<u>5,959,366</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,524,829</u></u>	<u><u>\$0</u></u>	<u><u>\$950,116</u></u>	<u><u>\$642,517</u></u>	<u><u>\$6,117,462</u></u>

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds \$158,096

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	369,546	
Current Year Depreciation	(907,492)	
Total	(537,946)	(537,946)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Property Taxes	(51,284)	
Tuition and Fees	(1,592)	
Total	(52,876)	(52,876)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds	240,000	
Capital Leases	29,805	
Total	269,805	269,805

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities, and the accretion of interest of capital appreciation bonds is reported in the Statement of Activities

Accretion of Interest	(42,705)	
Accrued Interest	1,067	
Total	(41,638)	(41,638)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bond on the Statement of Activities.

11,459

Some expenses reported in the Statement of Activities, such as compensated absences and vacation benefits payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vacation Benefits Payable	(9,761)	
Compensated Absences Payable	62,641	
Total	52,880	52,880

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

883,372

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities.

(599,013)

Changes in Net Position of Governmental Activities

\$144,139

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$3,713,165	\$3,713,165	\$3,841,757	\$128,592
Intergovernmental	6,301,130	6,301,130	6,676,614	375,484
Interest	0	0	29,887	29,887
Tuition and Fees	1,012,682	1,012,682	1,077,430	64,748
Extracurricular Activities	56,260	56,260	53,918	(2,342)
Gifts and Donations	0	0	4,776	4,776
Charges for Services	0	0	8,310	8,310
Miscellaneous	168,780	168,780	45,487	(123,293)
<i>Total Revenues</i>	<u>11,252,017</u>	<u>11,252,017</u>	<u>11,738,179</u>	<u>486,162</u>
Expenditures				
Current:				
Instruction:				
Regular	4,317,592	7,820,586	3,926,054	3,894,532
Special	833,185	445,241	703,920	(258,679)
Vocational	111,570	53,450	106,041	(52,591)
Student Intervention Services	6,617	6,617	7,543	(926)
Support Services:				
Pupil	932,725	409,647	835,843	(426,196)
Instructional Staff	543,381	194,662	578,646	(383,984)
Board of Education	87,238	58,178	51,313	6,865
Administration	533,126	242,527	458,469	(215,942)
Fiscal	739,190	332,352	629,105	(296,753)
Business	55,675	26,615	49,226	(22,611)
Operation and Maintenance of Plant	1,421,261	665,704	1,316,531	(650,827)
Pupil Transportation	661,059	312,340	569,019	(256,679)
Central	39,144	10,084	9,080	1,004
Extracurricular Activities	119,082	60,962	104,862	(43,900)
Capital Outlay	121,688	65,568	200,033	(134,465)
Debt Service:				
Principal Retirement	22,500	22,500	45,000	(22,500)
Interest and Fiscal Charges	5,203	5,203	9,574	(4,371)
<i>Total Expenditures</i>	<u>10,550,236</u>	<u>10,732,236</u>	<u>9,600,259</u>	<u>1,131,977</u>
Excess of Revenues Over Expenditures	701,781	519,781	2,137,920	1,618,139
Other Financing Uses				
Transfers Out	(896,282)	(896,282)	(1,942,674)	(1,046,392)
Total Other Financing Uses	(896,282)	(896,282)	(1,942,674)	(1,046,392)
<i>Net Change in Fund Balance</i>	(194,501)	(376,501)	195,246	571,747
<i>Fund Balance Beginning of Year</i>	4,234,293	4,234,293	4,234,293	0
Prior Year Encumbrances Appropriated	279,982	279,982	279,982	0
<i>Fund Balance End of Year</i>	<u>\$4,319,774</u>	<u>\$4,137,774</u>	<u>\$4,709,521</u>	<u>\$571,747</u>

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	1,712,019	2,125,453	1,788,235	337,218
Special	340,430	172,659	349,282	(176,623)
Student Intervention Services	14,219	14,219	0	14,219
Support Services:				
Pupil	89,786	45,047	94,997	(49,950)
Instructional Staff	40,372	40,372	10,206	30,166
Administration	108,674	52,750	111,160	(58,410)
<i>Total Expenditures</i>	2,305,500	2,450,500	2,353,880	96,620
Excess of Revenues Under Expenditures	(2,305,500)	(2,450,500)	(2,353,880)	96,620
Other Financing Sources				
Transfers In	0	2,450,500	2,353,880	(96,620)
Total Other Financing Sources (Uses)	0	2,450,500	2,353,880	(96,620)
<i>Net Change in Fund Balance</i>	(2,305,500)	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	(\$2,305,500)	\$0	\$0	\$0

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$277,345	\$58,437
<i>Total Assets</i>	277,345	\$58,437
Liabilities		
Due to Students	0	\$58,437
<i>Total Liabilities</i>	0	\$58,437
<i>Total Liabilities and Fund Balances</i>	\$0	\$58,437
Net Assets		
Held in Trust for Scholarships	277,345	
<i>Total Net Position</i>	\$277,345	

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust Fund
Additions	
Interest	\$1,611
Contributions and Donations	10,346
Total Additions	11,957
Deductions	
Payments in accordance with Trust agreements	14,006
<i>Change in Net Position</i>	(2,049)
<i>Net Position Beginning of Year</i>	279,394
<i>Net Position End of Year</i>	\$277,345

The notes to the financial statements are an integral part of this statement.

Barnesville Exempted Village 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

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 3 instructional/support facilities staffed by 49 non-certified employees, 87 certificated personnel and 10 administrative employees to provide services to 1,336 students and other community members.

The School District was established in 1855 as the Barnesville Public Schools, with the first high school being established in 1878. In 1957, the Barnesville Exempted Village School District combined the former Warren Township Rural Local School District, the Somerset Township Rural Local School District, the Kirkwood Township Rural Local School District and portions of the Wayne Township Rural School District. The School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. There is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 126 square miles. It is located in Belmont County, including all of the Village of Barnesville, Warren Township, Somerset Township and Kirkwood Township, along with portions of Wayne Township, Flushing Township and Goshen Township.

Reporting Entity:

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

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

The Utica Shale Academy – Belmont (USA-B) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The USA-B's mission, under a contractual agreement with the Barnesville Exempted Village School District (USA-B's sponsor), is to help at-risk high school students to ensure a high school diploma and prepare students for possible careers in the gas/oil industry. The USA-B will serve area high school students, grades 9-12, in a blended learning format. The targeted students will be those students at risk for not graduating and/or desire a career in the oil/gas industry. The focus of the curriculum will be online core classes (English, math, science, social studies) as well as online oilfield curriculum. The goals of the USA-B are to assist students in earning a high school diploma and oilfield certifications.

The USA-B operates under the direction of a five-member Board of Directors made up of five community members appointed by the Director of the USA-B. All governing authority members live and/or work in the Barnesville Exempted Village School District community as well as represent the interest of the Belmont County

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

community. The Sponsor can suspend the USA-B's operations for any of the following reasons: 1) The USA-B's failure to meet student performance requirements stated in its contract with the Sponsor, 2) USA-B's failure to meet generally accepted standards of fiscal management, 3) USA-B's violation of any provisions of the contract with the Sponsor or applicable state or federal law, 4) USA-B's failure to obtain adequate funding, 5) USA-B's failure to be financially sound and/or failure to satisfy expenses, debts, and encumbrances when such liabilities come due, 7) USA-B's failure to timely pay officers, directors, administrators, employees, agents, or contractors for services rendered, or 6) other good cause. The School District may impose its will on the USA-B and the relationship between the primary government and USA-B is such that exclusion would cause the reporting entity's financial statements to be misleading. During fiscal year 2015, no material financial activity has occurred. As a result, no financial information is presented in the discretely presented component unit column.

The following activity is included within the reporting entity:

Private Schools – Within the School District boundaries, Olney Friends School is operated as a private school. Current State legislation provides funding to this school. These monies are received and disbursed on behalf of the school by the Treasurer of the School District, as directed by the school. These State monies are reflected in a Special Revenue fund for financial reporting purposes.

The School District is involved with six organizations, four of which are defined as jointly governed organizations, one of which is defined as an insurance purchasing pool, and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Metropolitan Educational Council (MEC), the Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those

Barnesville Exempted Village School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

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

Schoolwide Pool Fund – The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal, state, and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions 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. The School District's fiduciary funds include private-purpose trust and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust which accounts for various college

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2015, the School District invested in money market mutual funds, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and negotiable certificates of deposit.

Investments in Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and negotiable certificates of deposit are reported at fair value, which is based on quoted market prices. Money Market mutual funds are reported at current share value.

Following Ohio statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$32,588 which includes \$9,124 assigned from other School District funds.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements to be cash equivalents. The School District did not have any investments that met the criteria to be reported as investments under GASB Statement 9, on the financial statements. The School District reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in the fair value of investments.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts withheld on construction contracts until the successful completion of the contract.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/ expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of twenty five thousand for land and building improvements and five thousand dollars for all other asset types. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Unamortized Bond Insurance Premiums, Bond Discounts, Bond Premiums, and Bond Issuance Costs

On the government-wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

N. Interfund Activity

Transfers within governmental activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

O. Fund Balance

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

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

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions). Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

P. Net Position

Net position represents the difference between assets and liabilities. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 fiscal year.

NOTE 3– CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

Net Position June 30, 2014	\$17,271,059
Adjustments:	
Net Pension Liability	(16,673,628)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>835,122</u>
Restated Net Position June 30, 2014	<u><u>\$1,432,553</u></u>

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual - General and Schoolwide Pool Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

5. Unrecorded cash and unrecorded interest represents amounts not included on the budgetary statement, but reported on the operating statement prepared using GAAP. The reconciled difference between the beginning and the end of the year is reflected in the following table.
6. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on the budgetary (Cash basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General and Schoolwide Pool Funds:

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$487,866	\$0
Revenue Accruals	(74,571)	(390,923)
Transfers In	0	379,843
Transfers Out	31,363	0
Expenditure Accruals	12,399	11,080
Unrecorded Cash	628	0
Investment Market Value Adjustment	(3,329)	0
Encumbrances	(259,110)	0
Budget Basis	<u>\$195,246</u>	<u>\$0</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$2,856,542. Of the bank balance \$280,101 was covered by Federal Deposit Insurance Corporation and the remaining balance of \$2,576,441 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2015, the School District had the following investments: Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, negotiable certificates of deposit, and money market mutual funds.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

	<u>Fair Value</u>	<u>Maturity</u>	<u>Percent of Total Investments</u>	<u>Rating</u>	<u>Rating Agency</u>
Federal Home Loan Mortgage Corporation Note	\$499,355	6/8/2018	12.39%	Aaa	Moody's
Federal Home Loan Mortgage Corporation Note	499,260	6/10/2019	12.39%	Aaa	Moody's
Federal Home Loan Bank Notes	499,040	5/28/2020	12.39%	Aaa	Moody's
Money Market Mutual Fund	48,738	N/A	1.21%	Aaa	Moody's
Negotiable CD	497,420	11/12/2015	12.35%	N/A	N/A
Negotiable CD	746,464	11/14/2016	18.53%	N/A	N/A
Negotiable CD	248,203	11/13/2017	6.16%	N/A	N/A
Negotiable CD	247,057	11/7/2018	6.13%	N/A	N/A
Negotiable CD	247,084	11/13/2018	6.13%	N/A	N/A
Negotiable CD	496,446	11/13/2019	12.32%	N/A	N/A
Totals	<u>\$4,029,067</u>		<u>100.00%</u>		

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity.

State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. The credit ratings for the School District's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 6 - PROPERTY TAXES

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

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

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

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

The amount available as an advance at June 30, 2015 was \$423,430 in the General Fund, \$34,602 in the Debt Service Fund, and \$7,379 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2014 was \$350,000 in the General Fund, \$40,000 in the Debt Service Fund, and \$63,000 in the Classroom Facilities Maintenance Special Revenue Fund.

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

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
Real Estate	\$119,544,710	77.81%	\$129,353,890	79.29%
Public Utility Personal	34,084,070	22.19%	33,785,370	20.71%
	<u>\$153,628,780</u>	<u>100.00%</u>	<u>\$163,139,260</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$42.00		\$41.33

NOTE 7 - RECEIVABLES

Receivables at June 30, 2015, consisted of property taxes, interfund, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$96,716 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

	<u>Amounts</u>
Governmental Activities	
Pre-School Grant	\$25,340
Fiscal Year 2015 Foundation Adjustment	12,805
Title I Grant	3,856
IDEA B Grant	48,865
Title II-A Improving Teacher Quality Grant	959
Excess Costs from Other Districts	<u>63,855</u>
Total	<u><u>\$155,680</u></u>

NOTE 8 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2015, consist of the following interfund receivables and payables:

	<u>Interfund Receivable</u>		
<u>Interfund Payable</u>	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	<u>Totals</u>
General Fund	\$0	\$269,602	\$269,602
Other Governmental Funds	<u>36,150</u>	<u>3,856</u>	<u>40,006</u>
Totals	<u><u>\$36,150</u></u>	<u><u>\$273,458</u></u>	<u><u>\$309,608</u></u>

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program.

The loans made to the Other Governmental Funds were used to cover actual cash deficits until grant monies are received to operate the programs. The cash deficits were covered by cash and cash equivalents from the General Fund.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2015 consisted of the following:

	<u>Transfer from</u>
<u>Transfer to</u>	<u>General</u>
Schoolwide Pool Fund	<u><u>\$1,974,037</u></u>

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 9 - CAPITAL ASSETS

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

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
Nondepreciable Capital Assets:				
Land	\$293,412	\$0	\$0	\$293,412
Total Nondepreciable Capital Assets	293,412	0	0	293,412
Depreciable Capital Assets:				
Land Improvements	1,498,438	28,787	0	1,527,225
Buildings and Improvements	25,521,415	246,855	0	25,768,270
Furniture and Equipment	1,362,364	93,904	0	1,456,268
Vehicles	883,784	0	0	883,784
Total Depreciable Capital Assets	29,266,001	369,546	0	29,635,547
Accumulated Depreciation:				
Land Improvements	(732,403)	(67,194)	0	(799,597)
Buildings and Improvements	(12,580,985)	(726,575)	0	(13,307,560)
Furniture and Equipment	(933,981)	(85,251)	0	(1,019,232)
Vehicles	(662,173)	(28,472)	0	(690,645)
Total Accumulated Depreciation	(14,909,542)	(907,492)	0	(15,817,034)
Total Depreciable Capital Assets, Net	14,356,459	(537,946)	0	13,818,513
Governmental Capital Assets, Net	\$14,649,871	(\$537,946)	\$0	\$14,111,925

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$459,134
Special	58,680
Vocational	20,362
Support Services:	
Pupil	37,584
Instructional Staff	27,857
Administration	60,634
Fiscal	19,120
Business	700
Operation and Maintenance of Plant	80,696
Pupil Transportation	76,590
Central	667
Extracurricular Activities	14,726
Food Service Operations	50,742
Total Depreciation Expense	<u>\$907,492</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015 the School District contracted with The Netherlands Insurance Company for property and inland marine coverage, general liability, and fleet insurance coverage. The Netherlands Insurance Company insurance programs are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$50,450,283
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
Medical Payments Limit	5,000
<i>General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Rented Property Limit	300,000
Medical Payments Limit	15,000
<i>Employee Benefits Liability:</i>	
Each Occurrence (\$1,000 deductible)	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Limit	1,000,000
<i>Legal Liability - Errors and Omission:</i>	
Each Wrongful Act	1,000,000
Aggregate Limit	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Loss	1,000,000
Aggregate Limit	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

Plan Description – School Employees Retirement System (SERS)

Plan Description – School 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 the 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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 School 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 School District's contractually required contribution to SERS was \$210,453 for fiscal year 2015. The full amount has been contributed for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five year 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.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

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 services retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten year 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 School District’s contractually required contribution to STRS was \$672,919 for fiscal year 2015. Of this amount \$111,224 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,617,874	\$11,415,097	\$14,032,971
Proportion of the Net Pension Liability	0.05172700%	0.04693040%	
Pension Expense	\$152,768	\$446,245	\$599,013

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$22,281	\$109,895	\$132,176
School District contributions subsequent to measurement date	<u>210,453</u>	<u>672,919</u>	<u>883,372</u>
Total Deferred Outflows of Resources	<u>\$232,734</u>	<u>\$782,814</u>	<u>\$1,015,548</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$424,888</u>	<u>\$2,111,836</u>	<u>\$2,536,724</u>

\$883,372 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$100,596)	(\$500,485)	(\$601,081)
2017	(100,596)	(500,485)	(601,081)
2018	(100,596)	(500,485)	(601,081)
2019	<u>(100,819)</u>	<u>(500,486)</u>	<u>(601,305)</u>
Total	<u>(\$402,607)</u>	<u>(\$2,001,941)</u>	<u>(\$2,404,548)</u>

Actuarial Assumption - 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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

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

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

Sensitivity of the School 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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$3,734,928	\$2,617,874	\$1,678,335

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	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 period of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School 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 School 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	\$16,341,957	\$11,415,097	\$7,248,633

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2015, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12- POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Health Care Plan Description - The School 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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$26,400.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$13,093, \$11,470, and \$10,543, respectively; 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

State 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, \$48,726, and \$45,485 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who work less than 260 days, do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 71.25 days.

B. Other Insurance Benefits

The School District provides life, accidental death and dismemberment and medical/surgical benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$528.18 single and \$1,320.44 family for medical/prescription, and \$4.09 single and \$10.17 family for vision. The School District provides dental coverage from Coresource and life insurance and accidental death and dismemberment insurance through Assurant. The total monthly cost of premiums for dental coverage is \$35.35 single and \$81.49 family. Life insurance coverage is in the amount of \$30,000 per employee at a total monthly premium of \$3.00.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 14 - COMMITMENTS

A. Construction Commitments

During fiscal year 2015, the School District entered into an agreement with Master Renovations, Inc. and J&P Masonary & Sealant, Inc. for completion of a middle school and elementary school gym roof replacement projects. As of June 30, 2015 the School District had the following contractual commitments:

<u>Contractor</u>	<u>Purchase Commitment</u>	<u>Amount Paid as of 6/30/15</u>	<u>Amount Remaining on Contract</u>
Master Renovations, Inc.	\$24,000	\$0	\$24,000
J&P Masonary & Sealant Inc.	88,000	0	88,000
Total	<u>\$112,000</u>	<u>\$0</u>	<u>\$112,000</u>

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$259,110
Other Non-Major Governmental Funds	<u>46,318</u>
Total	<u>\$305,428</u>

NOTE 15 – CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into capitalized leases for copying equipment. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$74,999. Principal payments in fiscal year 2015 totaled \$29,805, in the governmental funds.

Future minimum lease payments through fiscal year 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$31,960	\$4,040
2017	34,270	1,730
2018	<u>5,949</u>	<u>52</u>
Total	<u>\$72,179</u>	<u>\$5,822</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts Due Within One Year
General Obligation Bonds:					
2000 School Facilities Bonds \$3,267,000					
Serial Bonds @ 4.3%-6.7%	\$335,000	\$0	\$160,000	\$175,000	\$175,000
2007 School Improvement Refunding Bonds \$1,684,999					
Serial/Term Bonds - \$1,590,000 @ 3.85%-4.0%	1,375,000	0	35,000	1,340,000	35,000
Capital Appreciation Bonds - \$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	0
Premium - \$183,348	98,360	0	11,459	86,901	0
CAB Accretion - \$390,001 @ 14.955%	180,459	42,705	0	223,164	0
2009 School Energy					
Conservation Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	540,000	0	45,000	495,000	45,000
Total: General Obligation Bonds	2,623,818	42,705	251,459	2,415,064	255,000
Net Pension Liability:					
SERS	3,076,039	0	458,165	2,617,874	0
STRS	13,597,589	0	2,182,492	11,415,097	0
Total Net Pension	16,673,628	0	2,640,657	14,032,971	0
Capital Leases	101,984	0	29,805	72,179	31,960
Compensated Absences	733,381	94,053	156,694	670,740	64,800
Total General Long-Term Obligations	\$20,132,811	\$136,758	\$3,078,615	\$17,190,954	\$351,760

2000 School Facilities General Obligation Bonds – On March 24, 2000, Barnesville Exempted Village School District issued \$3,267,000 in voted general obligation bonds. The bonds were issued for the purpose of retiring \$3,267,000 in bond anticipation notes. The notes were issued for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities under authority of and pursuant to the general laws of the State of Ohio, particularly Chapters 133 and 3318 of the Ohio Revised Code to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a period of twenty-three years with a final maturity at December 1, 2023. During fiscal year 2007, the School District refunded \$1,685,000 of the term bonds. The advance refunded portion of the bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the debt service fund. The remaining outstanding portion of the bond issue consists of serial bonds.

In connection with the passage of the bond issue, the School District also passed a half-mill levy for the maintenance of the new building.

Principal and interest requirements to retire the remaining outstanding general obligation bonds for the 2000 School Facilities Bonds outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$175,000	\$11,725	\$186,725

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

2007 School Improvement Refunding General Obligation Bonds – On February 7, 2007, Barnesville Exempted Village School District issued \$1,684,999 of general obligation bonds. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. All of the refunded bonds were subsequently called and fully repaid through the trust account.

The 2007 bond issue consists of serial, term and capital appreciation bonds, \$120,000, \$1,470,000, and \$94,999, respectively.

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000. The 2015 accretion was recorded at \$42,705, leaving a total bond liability of \$318,163.

The term bonds for this issue are subject to optional and mandatory redemption prior to maturity.

The term bonds due December 1, 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2011, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2015	<u>\$35,000</u>

Unless otherwise called for redemption, the remaining \$230,000 principal amount of the bonds due December 1, 2016 is to be paid at stated maturity.

The term bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2019, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2019	\$250,000
2020	260,000
2021	<u>275,000</u>
	<u>\$785,000</u>

Unless otherwise called for redemption, the remaining \$290,000 principal amount of the bonds due December 1, 2022 is to be paid at stated maturity.

The term bonds maturing on December 1, 2022 are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2016 at par, which is 100 percent of the face value of the term bonds.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Principal and interest requirements to retire general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2015 are as follows:

Fiscal Year	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2016	\$35,000	\$53,203	\$0	\$0	\$35,000	\$53,203
2017	230,000	51,855	0	0	230,000	51,855
2018	0	43,000	50,431	189,569	50,431	232,569
2019	0	43,000	44,568	200,432	44,568	243,432
2020	250,000	43,000	0	0	250,000	43,000
2021-2023	825,000	67,200	0	0	825,000	67,200
Totals	<u>\$1,340,000</u>	<u>\$301,258</u>	<u>\$94,999</u>	<u>\$390,001</u>	<u>\$1,434,999</u>	<u>\$691,259</u>

2009 School Energy Conservation Improvement Qualified School Construction Bonds – On November 4, 2009, Barnesville Exempted Village School District issued \$714,719 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 1.85% interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$45,000	\$8,740	\$53,740
2017	45,000	7,909	52,909
2018	45,000	7,076	52,076
2019	50,000	6,198	56,198
2020	50,000	5,272	55,272
2021-2025	<u>260,000</u>	<u>12,303</u>	<u>272,303</u>
Total	<u>\$495,000</u>	<u>\$47,498</u>	<u>\$542,498</u>

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$13,527,650 with an unvoted debt margin of \$163,139 at June 30, 2015.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments. The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2015, the total amount paid to OME-RESA from the School District was \$44,383 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2015.

Metropolitan Educational Council (MEC) - The Metropolitan Educational Council is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2015 was \$462. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, Treasurer, at Fox Shannon Place, St. Clairsville, Ohio 43950.

NOTE 18 – PUBLIC ENTITY POOL

A. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) – The School District participates in the Ohio School Boards Association Workers' Compensation Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$550 for policy year 2015 was paid to CompManagement, Inc.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

NOTE 19 - RELATED ORGANIZATION

Barnesville Hutton Memorial Library - The Barnesville Hutton Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Barnesville Hutton Memorial Library, Amy Jackson, Fiscal Officer, at 308 East Main Street, Barnesville, Ohio 43713.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	214,145
Offsetting Revenue	(98,216)
Qualifying Expenditures	<u>(216,032)</u>
Total	<u>(\$100,103)</u>
Balance Carried Forward to Fiscal Year 2016	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2015	<u>\$0</u>

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also had prior year capital expenditures from bond and note proceeds that may be used to offset future set-aside requirements, if needed.

NOTE 21 – CONTINGENCIES

A. Grants

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

B. Foundation

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

C. Litigation

The School District is currently not a party to any legal proceedings.

D. Lease

The Board of Education has entered into an Oil and Gas Leases effective April 9, 2013 and continuing through April 9, 2018 with Antero Resources Appalachian Corporation. In consideration of the execution of the leases, the School District received a signing bonus of \$362,602, as well as an additional donation of \$37,500 during fiscal year 2013. The School District has a total of 63.6145 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties of 20 percent of the gross proceeds of the products subject to the lease terms, as well as additional consideration for surface use. The total carrying value of the land leased is \$293,412. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

NOTE 22 – SUBSEQUENT EVENTS

On July 23, 2015, the School District Board of Education approved a Shared Services Agreement with the East Central Ohio Educational Service Center and the Barnesville Exempted Village School District for treasurer services. The Agreement sets forth the terms for the sharing of the services of the Treasurer.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.051727%	0.051727%
School District's Proportionate Share of the Net Pension Liability	\$2,617,874	\$3,076,039
School District's Covered-Employee Payroll	\$1,503,074	\$1,419,786
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.17%	216.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0469304%	0.0469304%
School District's Proportionate Share of the Net Pension Liability	\$11,415,097	\$13,597,589
School District's Covered-Employee Payroll	\$4,821,508	\$4,725,569
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	236.75%	287.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$210,453	\$208,326	\$196,498	\$196,976	\$181,334	\$181,138	\$142,163	\$127,279
Contributions in Relation to the Contractually Required Contribution	<u>(210,453)</u>	<u>(208,326)</u>	<u>(196,498)</u>	<u>(196,976)</u>	<u>(181,334)</u>	<u>(181,138)</u>	<u>(142,163)</u>	<u>(127,279)</u>
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>
School District Covered-Employee Payroll	\$1,596,760	\$1,503,074	\$1,419,786	\$1,464,504	\$1,442,592	\$1,337,798	\$1,444,741	\$1,296,124
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

(1) Information prior to 2008 is not available.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$672,919	\$626,796	\$614,324	\$617,814	\$610,695	\$595,141	\$563,417	\$561,610	\$552,073	\$532,767
Contributions in Relation to the Contractually Required Contribution	<u>(672,919)</u>	<u>(626,796)</u>	<u>(614,324)</u>	<u>(617,814)</u>	<u>(610,695)</u>	<u>(595,141)</u>	<u>(563,417)</u>	<u>(561,610)</u>	<u>(552,073)</u>	<u>(532,767)</u>
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>
School District Covered-Employee Payroll	\$4,806,564	\$4,821,508	\$4,725,569	\$4,752,415	\$4,697,654	\$4,578,008	\$4,333,977	\$4,320,077	\$4,246,715	\$4,098,208
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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

FEDERAL GRANTOR/ Pass-Through Grantor Program Title	Grant Year	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed-Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Distribution	N/A	10.555	\$22,260
Cash Assistance:			
School Breakfast Program	2015	10.553	82,806
National School Lunch Program	2015	10.555	160,471
Cash Assistance Subtotal			<u>243,277</u>
Total Child Nutrition Cluster			265,537
Total U.S. Department of Agriculture			265,537
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed-Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	2014	84.010	24,140
	2015		<u>329,693</u>
Total Title I Grants to Local Educational Agencies			353,833
Special Education, Grants to States (IDEA, Part B)	2014	84.027	45,988
	2015		<u>228,284</u>
Total Special Education, Grants to States (IDEA, Part B)			274,272
Twenty-First Century Community Learning Centers	2015	84.287	200,000
Improving Teacher Quality State Grants	2014	84.367	4,221
	2015		<u>76,235</u>
Total Improving Teacher Quality State Grants			80,456
Total U.S. Department of Education			<u>908,561</u>
Total Federal Awards Expenditures			<u><u>\$1,174,098</u></u>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

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 Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 10, 2016, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2016



Dave Yost • Auditor of State

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

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Barnesville Exempted Village School District, Belmont County, Ohio (the School 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 each of the School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2016

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster – CFDA #10.553 / #10.555 • Title I Grants to Local Educational Agencies – CFDA #84.010 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2016**