

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2015



Dave Yost • Auditor of State

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Loudonville-Perrysville Exempted Village School District
Ashland County
210 East Main Street
Loudonville, Ohio 44842

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Loudonville-Perrysville Exempted Village School District, Ashland County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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, the major fund, and the aggregate remaining fund information of Loudonville-Perrysville Exempted Village School District, Ashland County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Federal Awards Receipts and Expenditures 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 relate 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 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 January 5, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

January 5, 2016

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**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for 2015 are as follows:

- In total, net position of governmental activities increased \$1,097,178 which represents a 9.09% increase from 2014 as restated in Note 3.A.
- General revenues accounted for \$12,171,965 in revenue or 77.72% of all revenues. Program specific revenues, in the form of charges for services and sales, grants and contributions accounted for \$3,489,918 or 22.28% of total revenues of \$15,661,883.
- The District had \$14,564,705 in expenses related to governmental activities; only \$3,489,918 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,171,965 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$13,245,276 in revenues and other financing sources and \$12,442,389 in expenditures. During fiscal 2015, the general fund's fund balance increased \$802,887 from a balance of \$3,188,560 to \$3,991,447.

Using the Basic Financial Statements (BFS)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

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

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

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-62 of this report.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 63-69 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table on the following page provides a summary of the District's net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

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**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

	Net Position	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Assets</u>		
Current and other assets	\$ 10,540,885	\$ 9,456,464
Capital assets, net	<u>3,140,356</u>	<u>3,423,025</u>
Total assets	<u>13,681,241</u>	<u>12,879,489</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>1,124,231</u>	<u>907,760</u>
Total deferred outflows of resources	<u>1,124,231</u>	<u>907,760</u>
<u>Liabilities</u>		
Current liabilities	1,586,145	1,596,632
Long-term liabilities:		
Due within one year	233,650	219,297
Due within more than one year:		
Net pension liability	15,379,588	18,276,059
Other amounts	<u>1,681,353</u>	<u>2,032,468</u>
Total liabilities	<u>18,880,736</u>	<u>22,124,456</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	3,826,431	3,445,205
Pensions	<u>2,783,539</u>	<u>-</u>
Total deferred inflows of resources	<u>6,609,970</u>	<u>3,445,205</u>
<u>Net Position</u>		
Net investment in capital assets	2,258,800	2,503,906
Restricted	261,063	118,951
Unrestricted	<u>(13,205,097)</u>	<u>(14,405,269)</u>
Total net position	<u>\$ (10,685,234)</u>	<u>\$ (11,782,412)</u>

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

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ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$5,585,887 to (\$11,782,412).

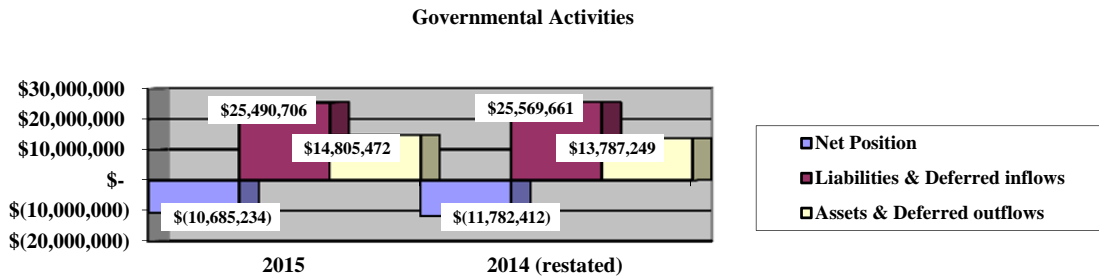
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,685,234.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

At year-end, capital assets represented 22.95% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets and June 30, 2015, was \$2,258,800. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$261,063, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$13,205,097).



The table below shows the change in net position for fiscal year 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<u>Change in Net Position</u>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,665,412	\$ 1,189,887
Operating grants and contributions	1,824,506	1,856,841
General revenues:		
Property taxes	5,150,846	4,875,628
Income taxes	1,754,434	1,647,839
Grants and entitlements	5,212,856	4,957,739
Investment earnings	15,003	10,667
Other	38,826	43,237
Total revenues	<u>15,661,883</u>	<u>14,581,838</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Change in Net Position

	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,361,490	\$ 5,406,574
Special	2,178,915	2,092,515
Vocational	144,437	207,480
Other	1,313,117	1,354,194
Support services:		
Pupil	497,716	549,390
Instructional staff	670,915	591,443
Board of education	22,869	25,610
Administration	1,099,654	1,106,381
Fiscal	409,405	383,336
Business	31,060	11,053
Operations and maintenance	960,638	1,039,316
Pupil transportation	709,444	790,697
Central	29,408	10,004
Operation of non-instructional services:		
Food service operations	516,198	555,286
Other non-instructional services	19,326	-
Extracurricular activities	556,225	504,122
Interest and fiscal charges	<u>43,888</u>	<u>45,576</u>
Total expenses	<u>14,564,705</u>	<u>14,672,977</u>
Change in net position	1,097,178	(91,139)
Net position (deficit) at beginning of year (restated)	<u>(11,782,412)</u>	<u>(11,691,273)</u>
Net position (deficit) at end of year	<u>\$ (10,685,234)</u>	<u>\$ (11,782,412)</u>

Governmental Activities

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 \$907,760 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 \$649,802.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 14,564,705
Pension expense under GASB 68	(649,802)
2015 contractually required contributions	<u>979,205</u>
Adjusted 2015 program expenses	14,894,108
Total 2014 program expenses under GASB 27	<u>14,672,977</u>
Increase in program expenses not related to pension	<u>\$ 221,131</u>

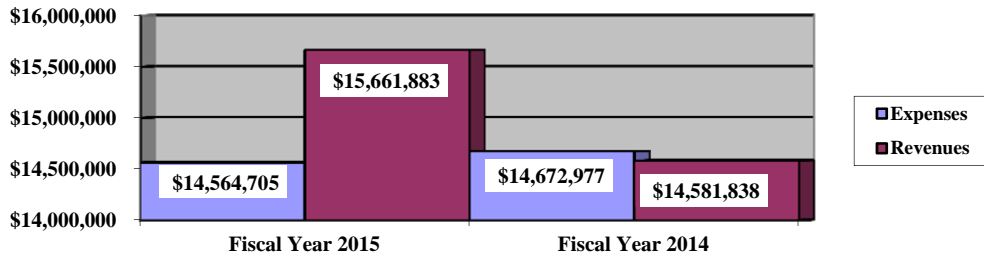
Net position of the District's governmental activities increased \$1,097,178. Total governmental expenses of \$14,564,705 were offset by program revenues of \$3,489,918 and general revenues of \$12,171,965. Program revenues supported 23.96% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 77.37% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,997,959 or 61.78% of total governmental expenses for fiscal 2015.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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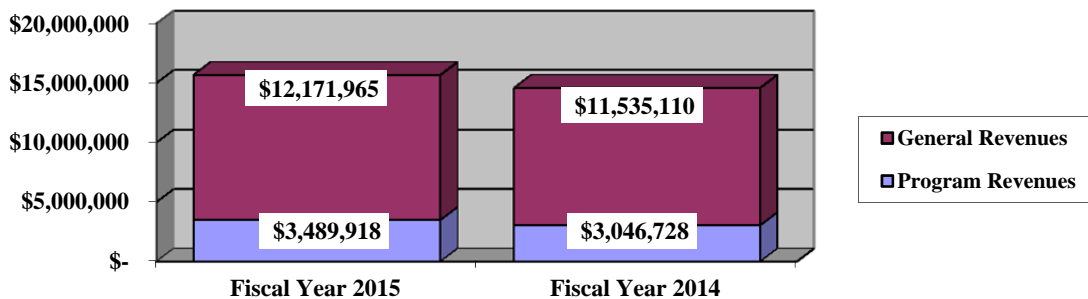
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses				
Instruction:				
Regular	\$ 5,361,490	\$ 4,555,378	\$ 5,406,574	\$ 4,489,821
Special	2,178,915	426,527	2,092,515	780,664
Vocational	144,437	92,780	207,480	178,622
Other	1,313,117	1,290,598	1,354,194	1,339,350
Support services:				
Pupil	497,716	486,577	549,390	548,948
Instructional staff	670,915	578,608	591,443	502,159
Board of education	22,869	22,869	25,610	25,610
Administration	1,099,654	1,044,963	1,106,381	1,098,848
Fiscal	409,405	409,405	383,336	383,336
Business	31,060	31,060	11,053	11,053
Operations and maintenance	960,638	959,336	1,039,316	1,038,043
Pupil transportation	709,444	689,119	790,697	767,541
Central	29,408	29,408	10,004	10,004
Food service operations	516,198	22,000	555,286	60,933
Operations of non-instructional services	19,326	19,326	-	-
Extracurricular activities	556,225	372,945	504,122	345,741
Interest and fiscal charges	<u>43,888</u>	<u>43,888</u>	<u>45,576</u>	<u>45,576</u>
Total expenses	<u>\$ 14,564,705</u>	<u>\$ 11,074,787</u>	<u>\$ 14,672,977</u>	<u>\$ 11,626,249</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 70.74% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.04%. The District's taxpayers and unrestricted grants and entitlements received from the State, as a whole, are by far the primary support for District's students. The graph below presents the District's governmental activities revenue for fiscal year 2015 and 2014.

Governmental Activities - General and Program Revenues



**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$4,232,884, which is higher than last year's total of \$3,292,927. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Increase</u>
General	\$ 3,991,447	\$ 3,188,560	\$ 802,887
Other Governmental	<u>241,437</u>	<u>104,367</u>	<u>137,070</u>
Total	<u>\$ 4,232,884</u>	<u>\$ 3,292,927</u>	<u>\$ 939,957</u>

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,692,352	\$ 6,467,814	3.47 %
Tuition	571,900	698,773	(18.16) %
Earnings on investments	13,705	11,372	20.52 %
Intergovernmental	5,813,836	5,566,408	4.45 %
Other revenues	<u>106,310</u>	<u>99,402</u>	6.95 %
Total	<u>\$ 13,198,103</u>	<u>\$ 12,843,769</u>	2.76 %
<u>Expenditures</u>			
Instruction	7,670,458	7,866,012	(2.49) %
Support services	4,174,935	4,154,020	0.50 %
Operation of non-instructional services	18,530	4,621	301.00 %
Extracurricular activities	330,027	302,645	9.05 %
Facilities acquisition and construction	74,139	-	100.00 %
Capital outlay	47,173	67,145	(29.74) %
Debt service	<u>127,127</u>	<u>131,825</u>	(3.56) %
Total	<u>\$ 12,442,389</u>	<u>\$ 12,526,268</u>	(0.67) %

The District experienced a 2.76% or \$354,334 increase in general fund revenues. Tuition revenue decreased \$126,873 or 18.16% due a decrease in open enrollment in fiscal year 2015.

Expenditures in the general fund decreased 0.67% or \$83,879. The District had a decrease in capital outlay of \$19,972 or 29.74% due to the acquisition of capital leases in fiscal year 2014 were greater than those that were acquired in fiscal year 2015. Facilities acquisition and construction also had an increase of \$74,139 or 100.00% due roofing expenses in fiscal year 2015.

All other revenues and expenditures remained consistent from fiscal year 2014 to fiscal year 2015.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$11,950,000. Actual revenues and other financing sources for fiscal 2015 was \$13,355,429, which was \$1,405,429 more than final budget revenues.

General fund original and final appropriations were \$13,119,134. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$12,679,132, which was \$440,002 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2015, the District had \$3,140,356 invested in land, buildings and improvements, furniture and equipment, and vehicles. The entire amount is reported in governmental activities. The following table shows fiscal 2015 balances compared to 2014:

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 78,472	\$ 78,472
Building and improvements	2,291,375	2,517,398
Furniture and equipment	579,700	606,569
Vehicles	<u>190,809</u>	<u>220,586</u>
Total	<u>\$ 3,140,356</u>	<u>\$ 3,423,025</u>

Total additions to capital assets for 2015 were \$232,877. Disposals to capital assets for 2015 were \$190,749 (net of accumulated depreciation). Depreciation expense for fiscal 2015 was \$324,797. Overall, capital assets of the District decreased \$282,669.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Debt Administration

At June 30, 2015, the District had \$906,579 in capital lease agreements and an OASBO pool loan outstanding. Of this total, \$116,205 is due within one year and \$790,374 is due within greater than one year. The following table summarizes the lease agreements and loan outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Capital lease agreements	\$ 113,519	\$ 82,184
OASBO pool loan	<u>793,060</u>	<u>865,060</u>
Total	<u>\$ 906,579</u>	<u>\$ 947,244</u>

See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The Loudonville-Perrysville Exempted Village School District continues to receive strong support from the residents of the District. As the preceding information shows, the District relies heavily on its local property taxpayers. The residents of the District passed a new emergency levy in November 2004 and renewed the levy in May 2013 for ten years. The Board of Education anticipates that proceeds from this levy will sustain the District through fiscal year 2019.

The District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the elimination of the tangible property and public utility property (telephone companies and railroads) – roughly 5% of the District's general fund revenues. While this discontinued revenue was to be partially reimbursed by the State of Ohio, HB 153 now phases out all except \$88,000 of the reimbursement by fiscal year 2013. This amount is to be phased out 20% each year beginning in fiscal year 2017 as part of HB64.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Marie Beddow, Treasurer at 210 E. Main Street, Loudonville, Ohio 44842, phone 419-994-3562.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 4,179,533
Receivables:	
Property taxes	5,370,326
Income taxes.	623,762
Accounts.	688
Accrued interest	4,153
Intergovernmental	353,554
Materials and supplies inventory.	1,770
Inventory held for resale	7,099
Capital assets:	
Nondepreciable capital assets	78,472
Depreciable capital assets, net	3,061,884
Capital assets, net	3,140,356
Total assets	13,681,241
 Deferred outflows of resources:	
Pension - STRS	871,378
Pension - SERS	252,853
Total deferred outflows of resources	1,124,231
 Liabilities:	
Accounts payable.	22,540
Accrued wages and benefits payable	1,039,573
Intergovernmental payable	100,830
Pension obligation payable.	201,427
Accrued interest payable	2,996
Claims payable.	178,804
Accrued vacation payable.	39,975
Long-term liabilities:	
Due within one year	233,650
Due in more than one year:	
Net pension liability	15,379,588
Other amounts due in more than one year	1,681,353
Total liabilities	18,880,736
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	3,826,431
Pension - STRS	2,342,099
Pension - SERS	441,440
Total deferred inflows of resources	6,609,970
 Net position:	
Net investment in capital assets	2,258,800
Restricted for:	
Capital projects.	173,808
Locally funded programs.	10,004
State funded programs	2,910
Federally funded programs.	2,201
Student activities	37,827
Other purposes	34,313
Unrestricted (deficit).	(13,205,097)
Total net position (deficit).	\$ (10,685,234)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO

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	Total
Governmental activities:				
Instruction:				
Regular	\$ 5,361,490	\$ 670,172	\$ 135,940	\$ (4,555,378)
Special	2,178,915	507,203	1,245,185	(426,527)
Vocational	144,437	-	51,657	(92,780)
Other.	1,313,117	-	22,519	(1,290,598)
Support services:				
Pupil	497,716	11,026	113	(486,577)
Instructional staff	670,915	40,696	51,611	(578,608)
Board of education	22,869	-	-	(22,869)
Administration.	1,099,654	46,807	7,884	(1,044,963)
Fiscal	409,405	-	-	(409,405)
Business.	31,060	-	-	(31,060)
Operations and maintenance.	960,638	1,302	-	(959,336)
Pupil transportation	709,444	2,305	18,020	(689,119)
Central	29,408	-	-	(29,408)
Operation of non-instructional services:				
Other non-instructional services	19,326	-	-	(19,326)
Food service operations	516,198	206,766	287,432	(22,000)
Extracurricular activities	556,225	179,135	4,145	(372,945)
Interest and fiscal charges	43,888	-	-	(43,888)
Total governmental activities	\$ 14,564,705	\$ 1,665,412	\$ 1,824,506	(11,074,787)
General revenues:				
Property taxes levied for:				
General purposes				4,934,725
Capital outlay.				216,121
Income taxes levied for:				
General purposes				1,754,434
Grants and entitlements not restricted				
to specific programs				5,212,856
Investment earnings				15,003
Miscellaneous				38,826
Total general revenues				12,171,965
Change in net position				1,097,178
Net position (deficit) at beginning of year (restated)				(11,782,412)
Net position (deficit) at end of year				\$ (10,685,234)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,286,475	\$ 199,518	\$ 3,485,993
Receivables:			
Property taxes	5,113,043	257,283	5,370,326
Income taxes	623,762	-	623,762
Accounts	643	45	688
Accrued interest	4,153	-	4,153
Interfund loans	74,569	-	74,569
Intergovernmental	7,103	346,451	353,554
Materials and supplies inventory	-	1,770	1,770
Inventory held for resale	-	7,099	7,099
Due from other funds	589	-	589
Total assets	<u>\$ 9,110,337</u>	<u>\$ 812,166</u>	<u>\$ 9,922,503</u>
Liabilities:			
Accounts payable	\$ 9,233	\$ 13,307	\$ 22,540
Accrued wages and benefits payable	924,056	115,517	1,039,573
Intergovernmental payable	94,551	6,279	100,830
Pension obligation payable	176,163	25,264	201,427
Interfund loans payable	-	74,569	74,569
Due to other funds	-	589	589
Total liabilities	<u>1,204,003</u>	<u>235,525</u>	<u>1,439,528</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,643,113	183,318	3,826,431
Delinquent property tax revenue not available	270,476	13,610	284,086
Accrued interest not available	1,298	-	1,298
Tuition not available	-	138,276	138,276
Total deferred inflows of resources	<u>3,914,887</u>	<u>335,204</u>	<u>4,250,091</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	1,770	1,770
Unclaimed monies	3,493	-	3,493
Restricted:			
Capital improvements	-	160,198	160,198
Targeted academic assistance	-	10,346	10,346
Other purposes	-	48,360	48,360
Extracurricular	-	37,827	37,827
Committed:			
Student and staff support	25,653	-	25,653
Other purposes	-	14,583	14,583
Facilities acquisition and construction	6,500	-	6,500
Underground storage tank	11,000	-	11,000
Assigned:			
Student instruction	12,806	-	12,806
Student and staff support	535	-	535
Public school support	32,309	-	32,309
Subsequent year's appropriations	74,954	-	74,954
Facilities acquisition and construction	36,750	-	36,750
Other purposes	363	-	363
Unassigned (deficit)	3,787,084	(31,647)	3,755,437
Total fund balances	<u>3,991,447</u>	<u>241,437</u>	<u>4,232,884</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,110,337</u>	<u>\$ 812,166</u>	<u>\$ 9,922,503</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Total governmental fund balances		\$	4,232,884
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			3,140,356
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	284,086	
Accounts receivable		138,276	
Accrued interest receivable		1,298	
Total		423,660	423,660
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			514,736
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(2,996)
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 governmental funds:			
Deferred outflows of resources - pension		1,124,231	
Deferred inflows of resources - pension		(2,783,539)	
Net pension liability		(15,379,588)	
Total		(17,038,896)	(17,038,896)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		113,519	
Compensated absences		1,008,424	
Accrued vacation payable		39,975	
OASBO pool loan		793,060	
Total		(1,954,978)	(1,954,978)
Net position (deficit) of governmental activities		\$	(10,685,234)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 4,937,918	\$ 202,511	\$ 5,140,429
Income taxes	1,754,434	-	1,754,434
Tuition	571,900	583,462	1,155,362
Transportation fees	2,305	-	2,305
Earnings on investments	13,705	-	13,705
Charges for services	-	206,766	206,766
Extracurricular	41,774	180,347	222,121
Classroom materials and fees	23,315	-	23,315
Rental income	90	-	90
Contributions and donations	-	47,264	47,264
Other local revenues	38,826	25,076	63,902
Intergovernmental - state	5,740,208	24,286	5,764,494
Intergovernmental - federal	73,628	1,127,918	1,201,546
Total revenues	<u>13,198,103</u>	<u>2,397,630</u>	<u>15,595,733</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,017,301	289,540	5,306,841
Special	1,212,987	992,743	2,205,730
Vocational	151,266	-	151,266
Other	1,288,904	25,040	1,313,944
Support services:			
Pupil	505,398	10,480	515,878
Instructional staff	550,582	103,885	654,467
Board of education	23,254	-	23,254
Administration	1,124,990	52,143	1,177,133
Fiscal	401,914	-	401,914
Business	31,060	-	31,060
Operations and maintenance	844,774	-	844,774
Pupil transportation	663,555	-	663,555
Central	29,408	-	29,408
Operation of non-instructional services:			
Other operation of non-instructional	18,530	-	18,530
Food service operations	-	508,493	508,493
Extracurricular activities	330,027	173,566	503,593
Facilities acquisition and construction	74,139	133,229	207,368
Capital outlay	47,173	15,317	62,490
Debt service:			
Principal retirement	84,736	18,419	103,155
Interest and fiscal charges	42,391	1,764	44,155
Total expenditures	<u>12,442,389</u>	<u>2,324,619</u>	<u>14,767,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>755,714</u>	<u>73,011</u>	<u>828,725</u>
Other financing sources:			
Sale of assets	-	48,742	48,742
Capital lease transaction	47,173	15,317	62,490
Total other financing sources	<u>47,173</u>	<u>64,059</u>	<u>111,232</u>
Net change in fund balances	802,887	137,070	939,957
Fund balances at beginning of year	<u>3,188,560</u>	<u>104,367</u>	<u>3,292,927</u>
Fund balances at end of year	<u>\$ 3,991,447</u>	<u>\$ 241,437</u>	<u>\$ 4,232,884</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND 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	\$	939,957
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 232,877	
Current year depreciation	<u>(324,797)</u>	
Total		(91,920)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(190,749)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	10,417	
Tuition	55,453	
Intergovernmental revenue	(1,018)	
Interest revenue	<u>1,298</u>	
Total		66,150
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows.		
		979,205
Except for amounts reported as deferred inflows/ outflows, changes in the net pension liability are reported as pension expense in the statement of activities		
		(649,802)
Issuance of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(62,490)
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. Less interest is reported in the statement of activities due to the decrease in accrued interest payable.		
		267
Repayment of loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net pension.		
		103,155
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	262,350	
Accrued vacation	<u>(4,570)</u>	
Total		257,780
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(254,375)</u>
Change in net position of governmental activities	\$	<u>1,097,178</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 4,262,938	\$ 4,262,938	\$ 4,931,500	\$ 668,562
Income taxes	1,551,446	1,551,446	1,713,478	162,032
Tuition	614,458	614,458	694,447	79,989
Transportation fees	2,343	2,343	2,305	(38)
Earnings on investments	9,257	9,257	10,900	1,643
Classroom materials and fees	27,791	27,791	21,398	(6,393)
Rental income	994	994	90	(904)
Other local revenues	19,781	19,781	32,527	12,746
Intergovernmental - state	5,397,952	5,397,952	5,818,948	420,996
Intergovernmental - federal	21,040	21,040	72,728	51,688
Total revenues	11,908,000	11,908,000	13,298,321	1,390,321
Expenditures:				
Current:				
Instruction:				
Regular	5,292,749	5,301,173	5,133,302	167,871
Special	1,175,039	1,173,474	1,222,116	(48,642)
Vocational	200,536	200,315	160,641	39,674
Other	1,461,501	1,443,685	1,292,009	151,676
Support services:				
Pupil	546,487	545,779	514,384	31,395
Instructional staff	561,233	554,927	558,773	(3,846)
Board of education	25,355	25,319	26,390	(1,071)
Administration	1,099,616	1,103,376	1,130,711	(27,335)
Fiscal	401,566	401,010	404,055	(3,045)
Business	43	-	31,060	(31,060)
Operations and maintenance	941,519	956,336	859,512	96,824
Pupil transportation	837,842	836,922	668,208	168,714
Central	9,640	9,600	29,408	(19,808)
Other operation of non-instructional services	14,529	14,503	19,104	(4,601)
Extracurricular activities	326,526	326,076	326,665	(589)
Facilities acquisition and construction	113,554	115,393	116,979	(1,586)
Debt service:				
Principal	72,099	72,000	72,000	-
Interest and fiscal charges	39,300	39,246	39,246	-
Total expenditures	13,119,134	13,119,134	12,604,563	514,571
Excess (deficiency) of revenues over (under) expenditures	(1,211,134)	(1,211,134)	693,758	1,904,892
Other financing sources (uses):				
Refund of prior year's expenditures	40,000	40,000	56,369	16,369
Advances (out)	-	-	(74,569)	(74,569)
Sale of capital assets	2,000	2,000	739	(1,261)
Total other financing sources (uses)	42,000	42,000	(17,461)	(59,461)
Net change in fund balance	(1,169,134)	(1,169,134)	676,297	1,845,431
Fund balance at beginning of year	2,305,722	2,305,722	2,305,722	-
Prior year encumbrances appropriated	168,873	168,873	168,873	-
Fund balance at end of year	\$ 1,305,461	\$ 1,305,461	\$ 3,150,892	\$ 1,845,431

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Governmental Activities - Internal Service Funds
Assets:	
Equity in pooled cash and cash equivalents	\$ 693,540
Total assets.	<u>693,540</u>
Liabilities:	
Claims payable	<u>178,804</u>
Total liabilities	<u>178,804</u>
Net position:	
Unrestricted.	<u>514,736</u>
Total net position.	<u><u>\$ 514,736</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services.	\$ 2,016,430
Total operating revenues	2,016,430
Operating expenses:	
Purchased services.	485,746
Claims	1,785,059
Total operating expenses	2,270,805
Operating loss/change in net position	(254,375)
Net position at beginning of year	769,111
Net position at end of year	\$ 514,736

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

		Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Cash received from charges for services.	\$	2,016,430
Cash payments for purchased services		(485,746)
Cash payments for claims expense.		(1,764,255)
Net cash used in operating activities		(233,571)
Net decrease in cash and cash equivalents		(233,571)
Cash and cash equivalents at beginning of year . . .		927,111
Cash and cash equivalents at end of year		\$ 693,540
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(254,375)
Changes in assets and liabilities:		
Increase in claims payable		20,804
Net cash used in operating activities.	\$	(233,571)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 15,116
Total assets.	\$ 15,116
Liabilities:	
Accounts payable.	\$ 2,067
Intergovernmental payable	3
Due to students.	13,046
Total liabilities	\$ 15,116

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Loudonville-Perrysville Exempted Village School District (the "District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

The District ranks as the 409th largest by enrollment among the 610 public school districts in the State. The District employs 55 non-certified and 90 certified full-time and part-time employees to provide services to 1,141 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Tri-County Computer Service Association

The Tri-County Computer Service Association (TCCSA) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic technology for administrative and instructional functions for member school districts. Each of the governments of these school districts supports TCCSA based on a per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. TCCSA is governed by a Board of Directors chosen from the general membership of the TCCSA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Educational Service Center, which serves as fiscal agent, located in Wooster, Ohio. During the year ended June 30, 2015, the District paid \$135,734 to TCCSA for basic service charges.

Ashland County - West Holmes Career Center

The Ashland County-West Holmes Career Center (the "Career Center"), a joint vocational school established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its eleven-member school districts. The Career Center is governed by a Board of Education comprised of eleven members appointed by the participating schools. The Board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of the State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no measurable equity interest exists.

RELATED ORGANIZATION

The Loudonville Public Library

The Loudonville Public Library (the "Library") is a related organization to the District. The School Board members are responsible for appointing all the trustees of the Library; however, the school board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2015.

School of Ohio Risk Sharing Authority

The District also participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary 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 and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

FIDUCIARY FUNDS

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

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund includes claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from 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, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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 District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources 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 District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

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 the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund budgetary statement comparison at the fund and function level.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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 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 in the budgetary statements reflect the final appropriations passed by the Board during the year.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2015, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and negotiable certificates of deposit and U.S. Government money market mutual funds. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$13,705, which includes \$3,495 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of donated food and purchased food held for resale.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	10 - 45 years
Furniture and equipment	10 years
Vehicles	5 - 10 years

I. 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.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

K. Fund Balance

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

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

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

L. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for scholarship and trust funds.

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

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

N. Estimates

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

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

O. Interfund Activity

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 and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

P. 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.

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. Neither type of transaction occurred during fiscal year 2015.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*", GASB Statement No. 69 "*Government Combinations and Disposals of Government Operations*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 60-66.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 5,585,887
Deferred outflows - payments subsequent to measurement date	907,760
Net pension liability	(18,276,059)
Restated net position at July 1, 2014	\$ (11,782,412)

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

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 28,053
Race to the top	181
IDEA Part-B	1,643

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education 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.

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ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$2,354,465. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$435,264 of the District's bank balance of \$2,444,538 was exposed to custodial risk as discussed below, while \$2,009,274 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2015, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 313,347	\$ 313,347	\$ -	\$ -	\$ -	\$ -
Negotiable certificates of deposit	1,242,091	490,093	-	250,762	-	501,236
U.S. Government money market mutual fund	284,746	284,746	-	-	-	-
Total	\$ 1,840,184	\$ 1,088,186	\$ -	\$ 250,762	\$ -	\$ 501,236

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

Credit Risk: Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual fund an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 313,347	17.03
Negotiable certificates of deposit	1,242,091	67.50
U.S. Government money market mutual fund	<u>284,746</u>	<u>15.47</u>
Total	<u>\$ 1,840,184</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,354,465
Investments	<u>1,840,184</u>
Total	<u>\$ 4,194,649</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,179,533
Agency fund	<u>15,116</u>
Total	<u>\$ 4,194,649</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans to/from other funds consisted of the following at June 30, 2015, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 74,569</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

- B. The District had the following amounts report as “due to/ due from other funds” on the financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 589</u>

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Ashland, Holmes, Knox and Richland Counties. The County Auditors periodically advances to the 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 as an advance at June 30, 2015 was \$1,199,454 in the general fund and \$60,355 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$1,193,036 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 147,046,330	87.50	\$ 159,694,540	88.05
Public utility personal	<u>21,001,220</u>	<u>12.50</u>	<u>21,679,570</u>	<u>11.95</u>
Total	<u>\$ 168,047,550</u>	<u>100.00</u>	<u>\$ 181,374,110</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$39.21		\$39.81	

NOTE 7 - INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. During fiscal year 2015, \$1,754,434 of income tax revenue was credited to the general fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, intergovernmental grants and entitlements, accounts and accrued interest. 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. A summary of receivables reported on the statement of net position follows:

Governmental activities:

Taxes:	
Property	\$ 5,370,326
Income	623,762
Accounts	688
Intergovernmental	353,554
Accrued interest	<u>4,153</u>
Total	<u>\$ 6,352,483</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 9 - CAPITAL ASSETS

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

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2015</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 78,472	\$ -	\$ -	\$ 78,472
Total capital assets, not being depreciated	<u>78,472</u>	<u>-</u>	<u>-</u>	<u>78,472</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,232,675	121,539	(668,311)	6,685,903
Furniture and equipment	2,055,986	89,343	(68,008)	2,077,321
Vehicles	<u>1,387,155</u>	<u>21,995</u>	<u>-</u>	<u>1,409,150</u>
Total capital assets, being depreciated	<u>10,675,816</u>	<u>232,877</u>	<u>(736,319)</u>	<u>10,172,374</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,715,277)	(168,760)	489,509	(4,394,528)
Furniture and equipment	(1,449,417)	(104,265)	56,061	(1,497,621)
Vehicles	<u>(1,166,569)</u>	<u>(51,772)</u>	<u>-</u>	<u>(1,218,341)</u>
Total accumulated depreciation	<u>(7,331,263)</u>	<u>(324,797)</u>	<u>545,570</u>	<u>(7,110,490)</u>
Governmental activities capital assets, net	<u>\$ 3,423,025</u>	<u>\$ (91,920)</u>	<u>\$ (190,749)</u>	<u>\$ 3,140,356</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 155,170
Vocational	1,114

Support services:

Pupil	102
Fiscal	1,494
Instructional staff	706
Administration	3,152
Operations and maintenance	46,802
Pupil transportation	55,113
Extracurricular activities	58,824
Food service operations	<u>2,320</u>
Total depreciation expense	<u>\$ 324,797</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current year and in prior years, the District entered into capitalized leases for copier and computer equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Capital assets acquired by lease have been capitalized in the amount of \$114,418, which is equal to the present value of the future minimum lease payments as of the date of their inception. Accumulated depreciation as of June 30, 2015 was \$32,362, leaving a current book value of \$82,056. A corresponding liability was recorded in the statement of net position. Principal payments in the 2015 fiscal year totaled \$31,155.

At June 30, 2015, the computer equipment acquired by lease purchase total \$52,576 and have not been capitalized due to each item being under the capitalization threshold.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 45,363
2017	33,779
2018	17,474
2019	17,474
2020	<u>10,682</u>
Total	124,772
Less: amount representing interest	<u>(11,253)</u>
Present value of minimum lease payments	<u>\$ 113,519</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2015, the following changes occurred in governmental activities long-term obligations:

	Restated Balance Outstanding <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2015</u>	Amounts Due in <u>One Year</u>
Capital lease obligation	\$ 82,184	\$ 62,490	\$ (31,155)	\$ 113,519	\$ 40,205
OASBO pool loan	865,060	-	(72,000)	793,060	76,000
Net pension liability	18,276,059	-	(2,896,471)	15,379,588	-
Compensated absences	<u>1,304,521</u>	<u>-</u>	<u>(296,097)</u>	<u>1,008,424</u>	<u>117,445</u>
Total governmental activities	<u>\$ 20,527,824</u>	<u>\$ 62,490</u>	<u>\$ (3,295,723)</u>	<u>\$ 17,294,591</u>	<u>\$ 233,650</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

In October 2008, the Board of Education authorized the District to issue a loan through the OASBO Expanded Asset Pooled Financing Program for an amount not to exceed \$1,201,000. This financing has been used to pay for the District's HB264 program which includes stadium lighting, boiler replacement, building automation systems and lighting upgrades. In November 2008, the contract for the project was awarded to H.E.A.T. Total Facility Solutions, Inc. of Worthington, Ohio in the sum not to exceed \$1,023,000. The loan is scheduled to run through December 1, 2023 and has an interest rate of 4.30%. The loan liability is reflected in the fund which received the proceeds. The loan will be repaid from the general fund. As of June 30, 2015, only \$1,186,060 of the available amount has been received. The District may request additional funding based on project needs. The current schedule does not tie to the balance outstanding due to unrequested funds in the amount of \$14,940.

Fiscal Year Ended,	OASBO Pool Loan		
	Principal	Interest	Total
2016	\$ 76,000	\$ 35,805	\$ 111,805
2017	79,000	32,201	111,201
2018	82,000	28,458	110,458
2019	86,000	24,552	110,552
2020	89,000	20,483	109,483
2021 - 2024	<u>396,000</u>	<u>37,759</u>	<u>433,759</u>
Total	<u>\$ 808,000</u>	<u>\$ 179,258</u>	<u>\$ 987,258</u>

The capital leases will be paid from the general fund. See Note 10 for further information.

Compensated absences - Compensated absences will be paid from the fund which the employee's salaries are paid which, for the District is primarily the general fund, and the following nonmajor governmental funds: IDEA Part B grants, Title I, improving teacher quality and the food service fund.

Net pension liability - See Note 13 for details.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$16,323,670 and an unvoted debt margin of \$181,374.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Effective August 2006, the District joined the Schools of Ohio Risk Sharing Authority (SORSA) to insure for risks of loss. The District has a comprehensive property and casualty policy; limit is \$40,316,044 aggregate. There is no deductible for any incidents on property and equipment. The District's vehicle insurance policy limit is \$15,000,000 liability/property and \$10,000 medical with no collision deductible. All Board members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$15,000,000 per occurrence and \$15,000,000 per aggregate. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

B. Fidelity Bond

The Board President, Superintendent and Treasurer have a \$75,000 position bond. All other school employees who are responsible for handling funds are covered by a \$100,000 fidelity bond.

C. Workers' Compensation

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Compensation Group Retrospective Rating Program. This rate is calculated based on accident history and administrative costs. The group presently consists of over 100 school districts.

D. Employee Health Insurance

The District is self insured for its medical/surgical, dental and vision insurance programs, providing our classified staff with one medical plan and our certified staff one medical plan. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$75,000. Aggregate stop-loss claims are covered based on the aggregate stop-loss factor, times total plan population, times twelve months. The Board's share of the monthly premium follows:

	<u>Single</u>	<u>Family</u>
Certified Plan	\$ 571.07	\$ 1,321.37
Classified Plan	552.56	1,264.20

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of \$178,804 reported in the internal service fund at June 30, 2015 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2015	\$ 158,000	\$ 1,785,059	\$ (1,764,255)	\$ 178,804
2014	155,000	1,358,017	(1,355,017)	158,000

NOTE 13 - 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.

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

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

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

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

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$229,704 for fiscal year 2015. Of this amount \$19,688 is reported as pension obligation payable/intergovernmental payable.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to STRS was \$749,501 for fiscal year 2015. Of this amount, \$125,524 is reported as pension obligation payable/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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 2,719,852	\$ 12,659,736	\$ 15,379,588
Proportion of the Net Pension Liability	0.05374200%	0.05204743%	
Pension Expense	\$ 158,724	\$ 491,078	\$ 649,802

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 23,149	\$ 121,877	\$ 145,026
School District contributions subsequent to the measurement date	<u>229,704</u>	<u>749,501</u>	<u>979,205</u>
Total Deferred Outflows of Resources	<u>\$ 252,853</u>	<u>\$ 871,378</u>	<u>\$ 1,124,231</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 441,440</u>	<u>\$ 2,342,099</u>	<u>\$ 2,783,539</u>
Total Deferred Inflows of Resources	<u>\$ 441,440</u>	<u>\$ 2,342,099</u>	<u>\$ 2,783,539</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$979,205 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (104,573)	\$ (555,056)	\$ (659,629)
2017	(104,573)	(555,056)	(659,629)
2018	(104,573)	(555,056)	(659,629)
2019	<u>(104,572)</u>	<u>(555,054)</u>	<u>(659,626)</u>
Total	<u>\$ (418,291)</u>	<u>\$ (2,220,222)</u>	<u>\$ (2,638,513)</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,880,421	\$ 2,719,852	\$ 1,743,714

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:

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 18,123,793	\$ 12,659,736	\$ 8,038,983

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$34,345.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$41,534, \$29,392, and \$35,812, respectively. For fiscal year 2015, 91.93 percent has been contributed, with the balance being reported as pension obligation payable/intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$53,975, and \$53,579 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 676,297
Net adjustment for revenue accruals	(146,172)
Net adjustment for expenditure accruals	116,207
Net adjustment for other sources/uses	64,634
Funds budgeted elsewhere	4,759
Adjustment for encumbrances	87,162
GAAP basis	\$ 802,887

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the teacher lounge fund, the unclaimed monies funds, the uniform school supplies fund, the public school support fund and the underground storage tank fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 16 – CONTINGENCIES (Continued)

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional 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 District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	199,287
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(176,018)
Excess qualified expenditures from prior years	-
Current year offsets	(150,762)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (127,493)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

During fiscal year 2008, the District issued \$1,186,060 in capital related revenue bonds. These proceeds may be used to reduce the capital acquisition set-aside to zero in future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods. As of June 30, 2015, the balance of \$1,171,459 was available to be used as offsets in future years.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 85,244
Other governmental	<u>168,513</u>
Total	<u>\$ 253,757</u>

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**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.05374200%	0.05374200%
District's proportionate share of the net pension liability	\$ 2,719,852	\$ 3,195,864
District's covered-employee payroll	\$ 1,561,652	\$ 1,500,874
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	212.93%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.05204743%	0.05204743%
District's proportionate share of the net pension liability	\$ 12,659,736	\$ 15,080,195
District's covered-employee payroll	\$ 5,317,808	\$ 5,357,869
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	281.46%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 229,704	\$ 216,445	\$ 207,721	\$ 212,166
Contributions in relation to the contractually required contribution	<u>(229,704)</u>	<u>(216,445)</u>	<u>(207,721)</u>	<u>(212,166)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,742,822	\$ 1,561,652	\$ 1,500,874	\$ 1,577,442
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$ 190,519	\$ 204,561	\$ 140,899	\$ 136,992	\$ 142,908	\$ 138,651
(190,519)	(204,561)	(140,899)	(136,992)	(142,908)	(138,651)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,515,664	\$ 1,510,790	\$ 1,431,900	\$ 1,395,031	\$ 1,338,090	\$ 1,310,501
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**LOUDONVILLE-PERRYVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 749,501	\$ 691,315	\$ 696,523	\$ 736,751
Contributions in relation to the contractually required contribution	<u>(749,501)</u>	<u>(691,315)</u>	<u>(696,523)</u>	<u>(736,751)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,353,579	\$ 5,317,808	\$ 5,357,869	\$ 5,667,315
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$ 754,817	\$ 751,989	\$ 725,418	\$ 725,625	\$ 718,606	\$ 720,698
(754,817)	(751,989)	(725,418)	(725,625)	(718,606)	(720,698)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,806,285	\$ 5,784,531	\$ 5,580,138	\$ 5,581,731	\$ 5,527,738	\$ 5,543,831
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 35,191	\$ 35,191
Cash Assistance:			
School Breakfast Program	10.553	40,354	40,354
National School Lunch Program	10.555	206,458	206,458
Summer Food Service Program for Children	10.559	425	425
Total Child Nutrition Cluster		<u>282,428</u>	<u>282,428</u>
Total U.S. Department of Agriculture		<u>282,428</u>	<u>282,428</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Special Education - Grants to States	84.027	233,097	235,161
Title I Grants to Local Educational Agencies	84.010	526,938	530,097
Improving Teacher Quality State Grants	84.367	47,496	48,329
Rural Education	84.358	16,200	16,808
ARRA - Race to the Top Incentive Grants, Recovery Act	84.395	24,124	29,853
Total U.S. Department of Education		<u>847,855</u>	<u>860,248</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 1,130,283</u>	<u>\$ 1,142,676</u>

The accompanying notes are an integral part of this schedule.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Loudonville-Perrysville Exempted Village School District
Ashland County
210 East Main Street
Loudonville, Ohio 44842

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Loudonville-Perrysville Exempted Village School District, Ashland County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 5, 2016, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

January 5, 2016



Dave Yost • Auditor of State

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

Loudonville-Perrysville Exempted Village School District
Ashland County
210 East Main Street
Loudonville, Ohio 44842

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Loudonville-Perrysville Exempted Village School District, Ashland County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control 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

January 5, 2016

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
ASHLAND COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 4, 2016**