



Dave Yost • Auditor of State



**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT  
BELMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

St. Clairsville-Richland City School District  
Belmont County  
108 Woodrow Avenue  
St. Clairsville, Ohio 43950

To the Board of Education:

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

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

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

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

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

### **Emphasis of Matter**

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 18, 2016

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**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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

**Financial Highlights**

Key financial highlights for fiscal year 2015 are as follows:

- Net position increased \$745,341.
- General revenues accounted for \$13,028,848 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,124,523 or 24 percent of total revenues in the amount of \$17,153,371.
- Total assets increased \$119,224, primarily due to increases in cash and cash equivalents and property taxes receivable which is offset by capital asset annual depreciation. Total liabilities decreased \$3,433,417 primarily due to a decrease in the net pension liability as well as annual debt service payments on long-term obligations.
- The School District had \$16,408,030 in expenses related to governmental activities; only \$4,124,523 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues in the amount of \$13,028,848 were adequate to provide for these programs.
- Total Governmental funds had \$17,360,902 in revenues and \$16,820,380 in expenditures. Overall, including other financing sources and uses, total Governmental funds' balance increased \$549,822.

**Using this Annual Financial Report**

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

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

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

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

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities including instruction, support services, operation and maintenance of plant, pupil transportation, food service, debt service and extracurricular activities.

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

*Fund Financial Statements*

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

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general 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 financial statements.

***Reporting the District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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These activities are reported as agency funds. The School District's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**The School District as a Whole**

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

Table 1  
 Net Position  
 Governmental Activities

	2015	2014	Change
<b>Assets</b>			
Current and Other Assets	\$10,634,651	\$10,388,521	\$246,130
Capital Assets	9,887,016	10,013,922	(126,906)
<b>Total Assets</b>	<b>20,521,667</b>	<b>20,402,443</b>	<b>119,224</b>
<b>Deferred Outflows of Resources</b>			
Pension	1,242,526	973,706	268,820
<b>Liabilities</b>			
Current and Other Liabilities	1,694,733	1,847,632	(152,899)
Long-Term Liabilities:			
Due Within One Year	267,769	264,337	3,432
Due in More than One Year:			
Net Pension Liability	16,611,530	19,743,656	(3,132,126)
Other Amounts	1,865,994	2,017,818	(151,824)
<b>Total Liabilities</b>	<b>20,440,026</b>	<b>23,873,443</b>	<b>(3,433,417)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	7,479,093	7,414,587	64,506
Pension	3,011,614	0	3,011,614
<b>Total Deferred Inflows of Resources</b>	<b>10,490,707</b>	<b>7,414,587</b>	<b>3,076,120</b>
<b>Net Position</b>			
Net Investment in Capital Assets	8,458,722	8,332,724	125,998
Restricted	241,841	484,003	(242,162)
Unrestricted (Deficit)	(17,867,103)	(18,728,608)	861,505
<i>Total Net Position</i>	<i>(\$9,166,540)</i>	<i>(\$9,911,881)</i>	<i>\$745,341</i>

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$8,858,069 to (\$9,911,881). See Note 3 for further details.

Total assets increased \$119,224, primarily due to increases in cash and cash equivalents and property taxes receivable which is offset by depreciation expense on capital assets. Total liabilities decreased \$3,433,417 primarily due to the decrease in net pension liability, as well as annual principal repayments on long term obligations.

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

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

Table 2  
Changes in Net Position  
Governmental Activities

	2015	2014	Change
<b>Revenues</b>			
<i>Program Revenue</i>			
Charges for Services	\$2,355,351	\$2,370,760	(\$15,409)
Operating Grants and Contributions	1,769,172	1,772,759	(3,587)
Capital Grants and Contributions	0	238,000	(238,000)
<b>Total Program Revenue</b>	<b>4,124,523</b>	<b>4,381,519</b>	<b>(256,996)</b>
<i>General Revenue</i>			
Property Taxes	8,219,906	7,888,278	331,628
Grants and Entitlements	4,554,145	4,421,843	132,302
Gifts and Donations	142,893	112,539	30,354
Investments	1,206	557	649
Gain on Sale of Capital Assets	9,300	0	9,300
Miscellaneous	101,398	67,055	34,343
<b>Total General Revenue</b>	<b>13,028,848</b>	<b>12,490,272</b>	<b>538,576</b>
<b>Total Revenues</b>	<b>17,153,371</b>	<b>16,871,791</b>	<b>281,580</b>
<b>Program Expenses</b>			
Instruction:			
Regular	8,194,228	7,873,347	320,881
Special	1,855,143	1,937,345	(82,202)
Vocational	3,581	4,297	(716)
Support Services:			
Pupil	753,226	734,769	18,457
Instructional Staff	133,139	40,973	92,166
Board of Education	20,748	19,524	1,224
Administration	973,021	897,941	75,080
Fiscal	536,840	523,660	13,180
Business	1,015	2,662	(1,647)
Operation and Maintenance of Plant	1,391,911	1,516,373	(124,462)
Pupil Transportation	600,154	723,191	(123,037)
Central	292,983	258,433	34,550
Operation of Non-Instructional Services	240,556	155,661	84,895
Food Service Operations	457,336	434,917	22,419
Extracurricular Activities	900,506	807,628	92,878
Interest and Fiscal Charges	53,643	110,587	(56,944)
<b>Total Expenses</b>	<b>16,408,030</b>	<b>16,041,308</b>	<b>366,722</b>
Change in Net Position	745,341	830,483	(85,142)
Net Position Beginning of Year	(9,911,881)	N/A	
<b>Net Position End of Year</b>	<b>(\$9,166,540)</b>	<b>(\$9,911,881)</b>	<b>\$745,341</b>

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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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 \$973,706 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 \$696,300. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$16,408,030
Pension expense under GASB 68	(696,300)
2015 contractually required contribution	1,085,632
Adjusted 2015 program expenses	16,797,362
Total 2014 program expenses under GASB 27	16,041,308
Increase in program expenses not related to pension	\$756,054

Property taxes comprise approximately 48 percent of revenues for the School District in fiscal year 2015. The School District received no capital contributions during fiscal year 2015 which resulted in a decrease from fiscal year 2014 of \$238,000.

Instruction comprises approximately 61 percent of governmental program expenses, and reflected an increase of \$237,963 from fiscal year 2014. The largest increase in instructional spending was for regular instruction. Overall, program expenses not related to pension increased \$756,054.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2015 compared to fiscal year 2014. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements. The 2014 amounts still include pension expense computed under GASB 27.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

Table 3  
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction:				
Regular	\$8,194,228	\$7,873,347	\$6,073,653	\$5,632,867
Special	1,855,143	1,937,345	1,007,694	1,093,930
Vocational	3,581	4,297	(9,297)	(13,371)
Support Services				
Pupil	753,226	734,769	745,249	731,403
Instructional Staff	133,139	40,973	129,482	39,025
Board of Education	20,748	19,524	20,748	19,524
Administration	973,021	897,941	961,725	890,331
Fiscal	536,840	523,660	536,840	467,408
Business	1,015	2,662	1,015	2,662
Operation and Maintenance of Plant	1,391,911	1,516,373	1,389,911	1,277,073
Pupil Transportation	600,154	723,191	536,214	723,191
Central	292,983	258,433	290,437	251,122
Operation of Non-Instructional Services	240,556	155,661	22,709	(44,602)
Food Service Operations	457,336	434,917	32,329	47,837
Extracurricular Activities	900,506	807,628	491,155	430,802
Interest and Fiscal Charges	53,643	110,587	53,643	110,587
Total Expenses	<u>\$16,408,030</u>	<u>\$16,041,308</u>	<u>\$12,283,507</u>	<u>\$11,659,789</u>

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

**The School District's Funds**

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had \$15,279,155 in revenues and \$12,296,990 in expenditures. Including other financing sources and uses, the General Fund's balance increased \$646,082. The Schoolwide Pool Fund had \$307,215 in revenues and \$2,452,598 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance.

**General Fund Budgeting Highlights**

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

During the course of fiscal 2015, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and final budget amounts. The most significant changes between the final budget and actual reflect increases in both property tax revenue and intergovernmental revenue. Changes between the final budget and actual also reflect decreases in most spending categories.



**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2015, the School District had \$9,887,016 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of depreciation. Table 4 shows fiscal 2015 balances compared to 2014:

Table 4  
Capital Assets Net of Depreciation  
Government Activities

	2015	2014
Land	\$700,855	\$700,855
Land Improvements	1,503,159	1,426,698
Buildings and Improvements	6,831,959	7,055,585
Furniture, Fixtures, and Equipment	606,461	639,126
Vehicles	244,582	191,658
<b>Totals</b>	<b>\$9,887,016</b>	<b>\$10,013,922</b>

For more information on capital assets see Note 10 to the basic financial statements.

**Debt**

At June 30, 2015, the School District had \$93,261 outstanding in energy conservation loans with \$25,188 due within one year. The School District also had \$1,335,033 outstanding in capital leases with \$163,955 due within one year. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

See Note 18 for more detailed information on the School District's debt.

**Economic Factors**

As the preceding information indicates, the School District depends more heavily on local property taxpayers than on state funding.

The School District passed a 2.75 mill continuing operating levy on May 7, 2013, effective for tax year 2013. First collections of the new levy funds began with the first real estate tax settlement in calendar year 2014. The new levy moves the School District above the 20 mill floor; as a result, future reappraisals will not result in increased revenue except on inside millage. Based on the current State biennium budget, State foundation revenues are not expected to increase. Therefore, revenue increases outside of the new levy are relatively low.

The Board of Education and the Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Amy Porter, Treasurer/CFO at St. Clairsville-Richland City School District, 108 Woodrow Avenue, St. Clairsville, Ohio 43950.

**St. Clairsville-Richland City School District**

*Statement of Net Position*

*June 30, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,681,138
Intergovernmental Receivable	345,017
Prepaid Items	3,422
Materials and Supplies Inventory	19,857
Property Taxes Receivable	8,404,913
Cash and Cash Equivalents with Fiscal Agents	180,304
Non-Depreciable Capital Assets	700,855
Depreciable Capital Assets, Net	<u>9,186,161</u>
<i>Total Assets</i>	<u>20,521,667</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>1,242,526</u>
<b>Liabilities</b>	
Accounts Payable	86,112
Accrued Wages and Benefits Payable	1,265,121
Intergovernmental Payable	281,835
Matured Severance Payable	22,436
Accrued Interest Payable	13,387
Retirement Incentive Payable	20,000
Claims Payable	5,842
Long-Term Liabilities:	
Due Within One Year	267,769
Due In More Than One Year:	
Net Pension Liability (See Note 13)	16,611,530
Other Amounts	<u>1,865,994</u>
<i>Total Liabilities</i>	<u>20,440,026</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	7,479,093
Pension	<u>3,011,614</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,490,707</u>
<b>Net Position (Deficit)</b>	
Net Investment in Capital Assets	8,458,722
Restricted for:	
State Programs	69,877
Federal Programs	5,049
Other Purposes	166,915
Unrestricted	<u>(17,867,103)</u>
<i>Total Net Position (Deficit)</i>	<u><u>(\$9,166,540)</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2015*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$8,194,228	\$1,781,934	\$338,641	(\$6,073,653)
Special	1,855,143	0	847,449	(1,007,694)
Vocational	3,581	0	12,878	9,297
Support Services:				
Pupil	753,226	0	7,977	(745,249)
Instructional Staff	133,139	0	3,657	(129,482)
Board of Education	20,748	0	0	(20,748)
Administration	973,021	600	10,696	(961,725)
Fiscal	536,840	0	0	(536,840)
Business	1,015	0	0	(1,015)
Operation and Maintenance of Plant	1,391,911	2,000	0	(1,389,911)
Pupil Transportation	600,154	0	63,940	(536,214)
Central	292,983	0	2,546	(290,437)
Operation of Non-Instructional Services	240,556	0	217,847	(22,709)
Food Service Operations	457,336	161,466	263,541	(32,329)
Extracurricular Activities	900,506	409,351	0	(491,155)
Interest and Fiscal Charges	53,643	0	0	(53,643)
<i>Total Governmental Activities</i>	<u>\$16,408,030</u>	<u>\$2,355,351</u>	<u>\$1,769,172</u>	<u>(12,283,507)</u>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes				8,219,906
Grants and Entitlements not Restricted to Specific Programs				4,554,145
Gifts and Donations				142,893
Investment Earnings				1,206
Gain on Sale of Capital Assets				9,300
Miscellaneous				101,398
<i>Total General Revenues</i>				<u>13,028,848</u>
Change in Net Position				745,341
<i>Net Position (Deficit) Beginning of Year - Restated (Note 3)</i>				<u>(9,911,881)</u>
<i>Net Position (Deficit) End of Year</i>				<u>(\$9,166,540)</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**

*Balance Sheet  
Governmental Funds  
June 30, 2015*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,359,360	\$0	\$310,778	\$1,670,138
Cash and Cash Equivalents with Fiscal Agents	180,304	0	0	180,304
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,000	0	0	11,000
Receivables:				
Property Taxes	8,404,913	0	0	8,404,913
Intergovernmental	190,178	0	154,839	345,017
Interfund	189,224	422,625	2,082	613,931
Prepaid Items	3,422	0	0	3,422
Materials and Supplies Inventory	13,672	0	6,185	19,857
<i>Total Assets</i>	<u>\$10,352,073</u>	<u>\$422,625</u>	<u>\$473,884</u>	<u>\$11,248,582</u>
<b>Liabilities</b>				
Accounts Payable	26,687	0	59,425	86,112
Accrued Wages and Benefits	859,441	339,420	66,260	1,265,121
Claims Payable	5,842	0	0	5,842
Matured Severance Payable	22,436	0	0	22,436
Retirement Incentive Payable	20,000	0	0	20,000
Interfund Payable	374,993	21,575	217,363	613,931
Intergovernmental Payable	208,195	61,630	12,010	281,835
<i>Total Liabilities</i>	<u>1,517,594</u>	<u>422,625</u>	<u>355,058</u>	<u>2,295,277</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	7,479,093	0	0	7,479,093
Unavailable Revenue	420,681	0	1,071	421,752
<i>Total Deferred Inflows of Resources</i>	<u>7,899,774</u>	<u>0</u>	<u>1,071</u>	<u>7,900,845</u>
<b>Fund Balances (Deficit)</b>				
Nonspendable:				
Inventories	13,672	0	6,185	19,857
Prepaid Items	3,422	0	0	3,422
Restricted for:				
State Programs	0	0	69,877	69,877
Federal Programs	0	0	3,978	3,978
Underground Storage Tank Premium	11,000	0	0	11,000
Other Purposes	0	0	155,915	155,915
Assigned to:				
Capital Projects	0	0	26,287	26,287
Assigned to Purchases on Order	211,577	0	0	211,577
Unassigned	695,034	0	(144,487)	550,547
<i>Total Fund Balances</i>	<u>934,705</u>	<u>0</u>	<u>117,755</u>	<u>1,052,460</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$10,352,073</u>	<u>\$422,625</u>	<u>\$473,884</u>	<u>\$11,248,582</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2015*

<b>Total Governmental Fund Balances</b>	<b>\$1,052,460</b>
 <i>Amounts reported for governmental activities in 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.	9,887,016
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:	
Intergovernmental	1,071
Property Taxes	255,292
Tuition and Fees	<u>165,389</u>
Total	421,752
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.	(13,387)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Energy Conservation Loan	93,261
Capital Leases	1,335,033
Compensated Absences	<u>705,469</u>
Total	(2,133,763)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred Outflows - Pension	1,242,526
Net Pension Liability	(16,611,530)
Deferred Inflows - Pension	<u>(3,011,614)</u>
Total	<u>(18,380,618)</u>
<i>Net Position of Governmental Activities</i>	<u><u>(\$9,166,540)</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$8,263,544	\$0	\$0	\$8,263,544
Intergovernmental	5,056,122	307,215	1,059,275	6,422,612
Interest	1,200	0	6	1,206
Tuition and Fees	1,755,905	0	0	1,755,905
Extracurricular Activities	60	0	409,291	409,351
Rent	0	0	2,600	2,600
Gifts and Donations	15,266	0	127,627	142,893
Charges for Services	99,927	0	161,466	261,393
Miscellaneous	87,131	0	14,267	101,398
<i>Total Revenues</i>	<u>15,279,155</u>	<u>307,215</u>	<u>1,774,532</u>	<u>17,360,902</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,880,291	2,254,596	58,230	8,193,117
Special	1,252,970	185,028	423,874	1,861,872
Vocational	170	0	0	170
Support Services:				
Pupil	757,967	0	9,858	767,825
Instructional Staff	99,744	0	4,041	103,785
Board of Education	17,337	0	0	17,337
Administration	932,975	12,974	13,286	959,235
Fiscal	534,568	0	0	534,568
Business	265	0	750	1,015
Operation and Maintenance of Plant	1,371,888	0	0	1,371,888
Pupil Transportation	594,699	0	67,819	662,518
Central	291,707	0	2,700	294,407
Operation of Non-Instructional Services	6,221	0	233,296	239,517
Food Service Operations	0	0	439,661	439,661
Extracurricular Activities	410,087	0	557,317	967,404
Capital Outlay	66,633	0	96,867	163,500
Debt Service:				
Principal Retirement	64,029	0	123,357	187,386
Interest and Fiscal Charges	15,439	0	39,736	55,175
<i>Total Expenditures</i>	<u>12,296,990</u>	<u>2,452,598</u>	<u>2,070,792</u>	<u>16,820,380</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,982,165</u>	<u>(2,145,383)</u>	<u>(296,260)</u>	<u>540,522</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	9,300	0	0	9,300
Transfers In	0	2,145,383	302,835	2,448,218
Transfers Out	(2,345,383)	0	(102,835)	(2,448,218)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,336,083)</u>	<u>2,145,383</u>	<u>200,000</u>	<u>9,300</u>
<i>Net Change in Fund Balances</i>	646,082	0	(96,260)	549,822
<i>Fund Balances Beginning of Year</i>	<u>288,623</u>	<u>0</u>	<u>214,015</u>	<u>502,638</u>
<i>Fund Balances End of Year</i>	<u>\$934,705</u>	<u>\$0</u>	<u>\$117,755</u>	<u>\$1,052,460</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

**Net Change in Fund Balances - Total Governmental Funds** \$549,822

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

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

Capital Assets Additions	456,659	
Depreciation	(583,565)	
Total	(126,906)	(126,906)

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

Intergovernmental	(99,295)	
Property Taxes	(43,638)	
Tuition and Fees	(73,898)	
Total	(216,831)	(216,831)

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

Energy Conservation Loan	25,832	
Capital Leases	161,554	
Total	187,386	187,386

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.

1,532

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(38,994)
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Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

(696,300)

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

1,085,632

*Changes in Net Position of Governmental Activities*

\$745,341

See accompanying notes to the basic financial statements



**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$8,620,000	\$7,988,222	\$8,142,424	\$154,202
Intergovernmental	4,385,795	4,824,368	5,036,042	211,674
Interest	20	25	1,200	1,175
Tuition and Fees	1,551,040	1,639,750	1,755,905	116,155
Extracurricular Activities	55	0	60	60
Gifts and Donations	13,485	14,000	15,266	1,266
Charges for Services	89,750	100,000	99,927	(73)
Miscellaneous	41,220	33,000	87,131	54,131
<i>Total Revenues</i>	<u>14,701,365</u>	<u>14,599,365</u>	<u>15,137,955</u>	<u>538,590</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,802,887	6,278,400	5,938,124	340,276
Special	812,075	1,374,987	1,299,992	74,995
Vocational	15,996	181	170	11
Support Services:				
Pupil	494,342	820,305	784,504	35,801
Instructional Staff	72,203	123,353	116,033	7,320
Board of Education	10,803	18,471	17,375	1,096
Administration	621,471	996,364	981,854	14,510
Fiscal	354,652	576,617	549,236	27,381
Business	4,005	563	530	33
Operation and Maintenance of Plant	962,418	1,465,737	1,479,031	(13,294)
Pupil Transportation	579,568	741,872	730,190	11,682
Central	268,986	305,431	293,019	12,412
Operation of Non-Instructional Services	3,868	6,613	6,221	392
Extracurricular Activities	257,340	432,955	407,264	25,691
Capital Outlay	83,492	70,836	66,633	4,203
Debt Service:				
Principal Retirement	16,061	1,090,543	1,025,832	64,711
Interest and Fiscal Charges	4,120	7,044	6,626	418
<i>Total Expenditures</i>	<u>14,364,287</u>	<u>14,310,272</u>	<u>13,702,634</u>	<u>607,638</u>
Excess of Revenues Over Expenditures	<u>337,078</u>	<u>289,093</u>	<u>1,435,321</u>	<u>1,146,228</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	9,300	9,300
Tax Anticipation Note Issued	0	1,000,000	1,000,000	0
Advances In	0	100,000	94,671	(5,329)
Advances Out	(73,033)	(124,872)	(117,462)	7,410
Transfers Out	(1,433,047)	(2,450,223)	(2,304,830)	145,393
<i>Total Other Financing Sources (Uses)</i>	<u>(1,506,080)</u>	<u>(1,475,095)</u>	<u>(1,318,321)</u>	<u>156,774</u>
<i>Net Change in Fund Balance</i>	<u>(1,169,002)</u>	<u>(1,186,002)</u>	<u>117,000</u>	<u>1,303,002</u>
<i>Fund Balance Beginning of Year</i>	<u>762,085</u>	<u>762,085</u>	<u>762,085</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>506,367</u>	<u>506,367</u>	<u>506,367</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$99,450</u>	<u>\$82,450</u>	<u>\$1,385,452</u>	<u>\$1,303,002</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Schoolwide Pool Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,283,010	2,309,600	2,203,884	105,716
Special	109,180	196,540	187,542	8,998
Support Services:				
Administration	7,550	13,600	12,974	626
<i>Total Expenditures</i>	2,399,740	2,519,740	2,404,400	115,340
Excess of Revenues Under Expenditures	(2,399,740)	(2,519,740)	(2,404,400)	115,340
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	2,082	2,082
Advances Out	(260)	(260)	(260)	0
Transfers In	2,766,000	2,766,000	2,408,768	(357,232)
Total Other Financing Sources (Uses)	2,765,740	2,765,740	2,410,590	(355,150)
<i>Net Change in Fund Balance</i>	366,000	246,000	6,190	(239,810)
<i>Fund Balance (Deficit) Beginning of Year</i>	(25,683)	(25,683)	(25,683)	0
<i>Fund Balance (Deficit) End of Year</i>	\$340,317	\$220,317	(\$19,493)	(\$239,810)

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**

*Statement of Net Position*

*Fiduciary Funds*

*June 30, 2015*

	<u>Private Purpose Trust Fund</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,377	\$32,444
Investments	10,222	0
<i>Total Assets</i>	<u>13,599</u>	<u><u>\$32,444</u></u>
<b>Liabilities</b>		
Undistributed Monies	0	3,253
Due to Students	0	29,191
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$32,444</u></u>
<b>Net Position</b>		
Held in Trust for Scholarships	<u>13,599</u>	
<i>Total Net Position</i>	<u><u>\$13,599</u></u>	

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**

*Statement of Changes in Net Position*

*Fiduciary Fund*

*For the Fiscal Year Ended June 30, 2015*

	<u>Private Purpose Trust Fund</u>
<b>Additions</b>	
Contributions and Donations	\$2,000
Interest	<u>194</u>
Total Additions	2,194
<b>Deductions</b>	
Scholarships Awarded	<u>1,000</u>
<i>Change in Net Position</i>	1,194
<i>Net Position Beginning of Year</i>	<u>12,405</u>
<i>Net Position End of Year</i>	<u><u>\$13,599</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The St. Clairsville-Richland City School District (the School District) is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls the School District's five instructional/support facilities staffed by 47 non-certificated employees, 102 certificated teaching personnel, and 5 administrators who provide services to 1,704 students and other community members.

The first building used as a school house in St. Clairsville was built in 1802. Various buildings were used throughout St. Clairsville until 1868 when a red brick school house was built on the northeast corner of North Market and East Main Street at a cost of \$36,000. It was a 74' x 77' three-story building with a cupola on the top and a sandstone wall around it. It was used until 1916 when it was replaced by a building which was located at 106 Woodrow Avenue where the current Middle School and High School complex remains. In 1871 St. Clairsville High School held its first graduation. Currently, the School District has a high school building, middle school building including a connector facility, elementary building, high school gym, stadium complex, an administration building, a transportation building, and several storage facilities.

**Reporting Entity**

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

**Nonpublic Schools** Within the School District boundaries, St. Mary's School is operated through the Catholic Diocese and East Richland Christian Schools is operated through the Friends Church. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the School District on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported as a governmental activity of the School District.

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Metropolitan Educational Council (MEC), the Coalition of Rural and Appalachian Schools (CORAS), and the Belmont-Harrison Vocational School District, which are jointly governed organizations, the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), which is defined as insurance purchasing pool, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk sharing, claims servicing, and insurance purchasing pool.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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The School District is associated with the St. Clairsville Public Library which is defined as a related organization. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

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

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

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

**B. Fund Accounting**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

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

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

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

### **C. Measurement Focus**

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

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension 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 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 13 for more information.



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

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

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

**E. 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.

**F. Cash and Cash Equivalents**

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

The School District has cash with a fiscal agent held separate from the School District's central bank account. This account is maintained by the School District's self-insurance third party administrator and is presented in the Statement of Net Position as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2015, investments were limited to nonnegotiable certificates of deposit, and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

The School District had invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2015. 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 net asset value per share which is the price the investment could be sold at June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$1,200, which includes \$275 assigned from other School District funds.

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

**G. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash restricted for insurance premiums related to the underground storage tank.

**H. Prepaid Items**

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

**I. Inventory**

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

**J. Capital Assets**

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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>Estimated Lives</u>
Land	N/A
Land Improvements	20 years
Buildings and Improvements	5-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-10 years

**K. Interfund Balances**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

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**L. Compensated Absences**

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

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

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

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

**M. Accrued Liabilities and Long-term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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. Bonds and loans are recognized as a liability on the governmental fund financial statements when due.

**N. Interfund Activity**

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

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

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

**O. Fund Balance**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. The amount assigned in the General Fund represents encumbered amounts for outstanding obligations. State Statute authorizes the Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**P. Net position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation enacted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs and underground storage tank deductibles.

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

**Q. Extraordinary and Special Items**

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

**R. Estimates**

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

**S. Budgetary Data**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

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

Net Position June 30, 2014	\$8,858,069
Adjustments:	
Net Pension Liability	(19,743,656)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>973,706</u>
Restated Net Position June 30, 2014	<u><u>(\$9,911,881)</u></u>

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

**NOTE 4 - FUND DEFICIT**

At June 30, 2015, the Food Service Special Revenue Fund had a fund balance deficit of \$138,302. The deficit was the result of inadequate charges for services, as well as the application of generally accepted accounting principles. User charges in the Food Service Fund are insufficient to cover operating costs, and the General Fund advances funds to cover cash deficits in the Food Service Fund.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transfers (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Proceeds from and the principal payments on short-term note and loan obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Schoolwide Pool Special Revenue Fund.

	Net Change in Fund Balance	
	General	Schoolwide Pool
	<u>                    </u>	<u>                    </u>
GAAP Basis	\$646,082	\$0
Revenue Accruals	(141,200)	(307,215)
Advances In	94,671	2,082
Transfers In	0	263,385
Tax Anticipation Note Proceeds	1,000,000	0
Expenditure Accruals	(168,670)	48,198
Advances Out	(117,462)	(260)
Transfers Out	40,553	0
Debt Service - Principal	(1,000,000)	0
Encumbrances	<u>(236,974)</u>	<u>0</u>
Budget Basis	<u><u>\$117,000</u></u>	<u><u>\$6,190</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

**St. Clairsville-Richland City School District**

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

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

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

At June 30, 2015, the School District's General Fund had a balance of \$180,304 with Jefferson Health Plan Self-Insurance Plan, a risk sharing, claims servicing, and insurance purchasing pool (See Note 20). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

#### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the School District's bank balance was \$1,817,912. Of the bank balance, \$510,222 was covered by Federal depository insurance and the remaining balance of \$1,307,690 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.



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

Investments

During fiscal year 2015, the School District had an investment in STAR Ohio, which was transferred into the School District's money market account as of June 30, 2015.

**Interest Rate Risk.** The School District has no investment policy that addresses interest rate risk. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk.** STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no policy that addresses credit risk.

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

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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*Notes to the Basic Financial Statements*

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

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 of resources – property taxes.

The amount available as an advance at June 30, 2015, was \$670,528 in the General Fund. The amount available as an advance at June 30, 2014, was \$549,408 in the General Fund.

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

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

	2014 Second - Half Collections		2015 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$365,583,140	96.79%	\$371,894,110	96.67%
Public Utility Personal	12,121,290	3.21%	12,814,100	3.33%
Total	\$377,704,430	100.00%	\$384,708,210	100.00%
 Tax rate per \$1,000 of assessed valuation	\$33.55		\$33.55	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2015, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$255,292 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities:</b>	
Excess Cost Reimbursement from Other School Districts	\$165,389
Fiscal Year 2015 Foundation Adjustment	24,789
IDEA - Part B Grant	91,472
Title II-A Grant	12,040
Title I Grant	51,327
Total	\$345,017

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**NOTE 9 - INTERNAL BALANCES**

**A. Interfund Balances**

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

<u>Interfund Payable</u>	<u>Interfund Receivable</u>			<u>Total</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	<u>Other Nonmajor Governmental Funds</u>	
General Fund	\$0	\$374,993	\$0	\$374,993
Schoolwide Pool Fund	19,493	0	2,082	21,575
Other Nonmajor Governmental Funds	<u>169,731</u>	<u>47,632</u>	<u>0</u>	<u>217,363</u>
<b>Total</b>	<b><u>\$189,224</u></b>	<b><u>\$422,625</u></b>	<b><u>\$2,082</u></b>	<b><u>\$613,931</u></b>

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to the Schoolwide Pool Fund, Miscellaneous Federal Grants and Title I Special Revenue Funds were made to support the programs until federal and other monies are received. Additional loans made to the Other Nonmajor Governmental Funds were to cover the costs of the Food Service program due to insufficient user charges.

**B. Transfers**

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

<u>Transfers from</u>	<u>Transfers to</u>		<u>Total</u>
	<u>Schoolwide Pool Fund</u>	<u>Other Nonmajor Governmental Funds</u>	
General Fund	\$2,145,383	\$200,000	\$2,345,383
Other Nonmajor Governmental Funds	<u>0</u>	<u>102,835</u>	<u>102,835</u>
<b>Total</b>	<b><u>\$2,145,383</u></b>	<b><u>\$302,835</u></b>	<b><u>\$2,448,218</u></b>

Transfers from the General Fund to the Schoolwide Pool Fund were used to move receipts in accordance with the schoolwide building program. Transfers from the General Fund to Other Governmental Funds were to provide funding for Permanent Improvement Fund projects. Transfers from Other Governmental Funds were to close the New Facility Capital Projects Fund and the Debt Service Fund, and transfer remaining fund balances to the Permanent Improvement Fund.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**NOTE 10 - CAPITAL ASSETS**

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

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
<u>Government Activities:</u>				
Non Depreciable Assets:				
Land	<u>\$700,855</u>	<u>\$0</u>	<u>\$0</u>	<u>\$700,855</u>
Depreciable Assets:				
Land Improvements	1,613,466	150,767	0	1,764,233
Buildings and Improvements	13,694,755	117,485	0	13,812,240
Furniture, Fixtures, and Equipment	1,897,943	72,869	0	1,970,812
Vehicles	<u>922,019</u>	<u>115,538</u>	<u>(20,702)</u>	<u>1,016,855</u>
Total Depreciable Capital Assets	<u>18,128,183</u>	<u>456,659</u>	<u>(20,702)</u>	<u>18,564,140</u>
Less Accumulated Depreciation:				
Land Improvements	(186,768)	(74,306)	0	(261,074)
Buildings and Improvements	(6,639,170)	(341,111)	0	(6,980,281)
Furniture, Fixtures, and Equipment	(1,258,817)	(105,534)	0	(1,364,351)
Vehicles	<u>(730,361)</u>	<u>(62,614)</u>	<u>20,702</u>	<u>(772,273)</u>
Total	<u>(8,815,116)</u>	<u>(583,565)</u>	<u>20,702</u>	<u>(9,377,979)</u>
Depreciable Capital Assets, Net	<u>9,313,067</u>	<u>(126,906)</u>	<u>0</u>	<u>9,186,161</u>
Governmental Activities Capital Assets, Net	<u>\$10,013,922</u>	<u>(\$126,906)</u>	<u>\$0</u>	<u>\$9,887,016</u>

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$216,275
Special	44,360
Vocational	3,411
Support Services:	
Pupils	10,233
Instructional Staff	28,642
Board of Education	3,411
Administration	39,458
Fiscal	6,822
Operation and Maintenance of Plant	130,269
Pupil Transportation	61,102
Central	1,816
Food Service Operations	19,758
Operation of Non-Instructional Services	1,881
Extracurricular Activities	16,127
Total	<u>\$583,565</u>

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Liberty Mutual Insurance Company for property and inland marine coverage, and for fleet insurance and liability insurance. The Liberty Mutual Insurance Coverage is provided by Pilney-Foster Insurance Agency of Ohio is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$47,654,951
<i>Automotive Liability:</i>	
Bodily Injury and Property Damage	1,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
<i>Educational General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Personal and Advertising Injury Limit - Each Occurrence	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
<i>Employee Benefits Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000

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

The School District participates in the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing and insurance purchasing pool through which dental coverage is provided to employees. Of the total monthly premiums of \$60.99, \$42.69 is paid by the Board, and \$18.30 is paid by the employees to the fiscal agent who in turn pays the claims on the School District's behalf. All employees are offered dental coverage through the self-insured program.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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The School District reports the program in the General Fund. The claims liability of \$5,842 reported in the General Fund at June 30, 2015, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2014	\$4,967	\$74,768	\$74,380	\$5,355
2015	5,355	79,534	79,047	5,842

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and the remaining administrators do not earn vacation time. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days. Upon retirement, payment is made for one-third of the first 120 days of sick leave accumulation plus 12 percent of excess over 120 days up to 225 days.

**B. Other Insurance**

In addition to the dental self-insured coverage offered, the School District offers all employees medical/surgical and prescription drug insurance coverage. All employees are offered medical/surgical and prescription drug insurance coverage through the Health Plan of the Upper Ohio Valley. The monthly premium is \$1,451.10 for a family plan and \$616.55 for a single plan. The Board of Education pays approximately 91.5 percent of the premiums. The School District also provides life insurance and accidental death and dismemberment insurance to all employees from Met Life Insurance Company in an amount of \$30,000 per employee. The Board pays 100 percent of the monthly premiums of \$4.71 for this coverage.

**C. Retirement Incentive**

For fiscal year 2015, the School District offered a retirement incentive, in the amount of \$10,000, to any teacher, otherwise eligible for retirement through STRS, who by June 30, 2015, will have 30 years of service, and who, by April 15, 2015, submitted a letter of retirement to the Board, through the Treasurer, to be effective June 30, 2015. At June 30, 2015, there was a \$20,000 liability for this benefit.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

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

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

***Plan Description – School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

The School District's contractually required contribution to SERS was \$218,868 for fiscal year 2015. The full amount has been contributed for fiscal year 2015.

***Plan Description - State Teachers Retirement System (STRS)***

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. 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.



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

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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 and five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five 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 therefore has included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

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

The School District's contractually required contribution to STRS was \$866,764 for fiscal year 2015. Of this amount \$120,363 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

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The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,712,716	\$13,898,814	\$16,611,530
Proportion of the Net Pension Liability	0.05360100%	0.05714160%	
Pension Expense	\$158,285	\$538,015	\$696,300

At June 30, 2015, the School 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$23,088	\$133,806	\$156,894
School District contributions subsequent to measurement date	218,868	866,764	1,085,632
<b>Total Deferred Outflows of Resources</b>	<u>\$241,956</u>	<u>\$1,000,570</u>	<u>\$1,242,526</u>

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	<u>(\$440,281)</u>	<u>(\$2,571,333)</u>	<u>(\$3,011,614)</u>
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\$1,085,632 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$104,240)	(\$609,381)	(\$713,621)
2017	(104,240)	(609,381)	(713,621)
2018	(104,240)	(609,381)	(713,621)
2019	<u>(104,473)</u>	<u>(609,384)</u>	<u>(713,857)</u>
<b>Total</b>	<u>(\$417,193)</u>	<u>(\$2,437,527)</u>	<u>(\$2,854,720)</u>

***Actuarial Assumption - SERS***

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

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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 as follows:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

<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>	

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$3,870,240	\$2,712,716	\$1,739,139

**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 ten 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:

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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	<u>100.00 %</u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$19,897,669	\$13,898,814	\$8,825,803

**Social Security System**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$26,873.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$13,617, \$11,564, and \$11,298. The full amount has been contributed for fiscal years 2015, 2014, and 2013.

**B. State Teachers Retirement System**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$58,748, and \$60,753 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NOTE 15 - COMMITMENTS**

**A. Encumbrances**

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

General Fund	\$236,974
Other Non-major Governmental Funds	<u>209,610</u>
Total	<u><u>\$446,584</u></u>

**NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior fiscal years, the School District entered into a capital lease to finance improvements to the elementary school. The lease agreement is through WesBanco Bank, Inc. The School District had also entered into capitalized leases for wireless network equipment, copying equipment, and a vehicle. Capital lease payments are reflected as debt service expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds.

The assets acquired by the leases have been capitalized in government wide statements governmental activities in the amount of \$1,649,312, which is equal to the present value of the minimum lease payments. A corresponding liability was recorded in the government wide statements governmental activities. Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$1,466,963. Principal payments in fiscal year 2015 totaled \$161,554, in the governmental funds.

Future minimum lease payments through fiscal year 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$163,955	\$42,907
2017	163,571	36,661
2018	160,919	30,782
2019	157,793	28,909
2020	147,388	26,468
2021-2024	<u>541,407</u>	<u>44,849</u>
Totals	<u><u>\$1,335,033</u></u>	<u><u>\$210,576</u></u>

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**NOTE 17 - TAX ANTICIPATION NOTE**

On February 23, 2015, the School District issued a \$1,000,000 tax anticipation note for operations. The note was issued with a 2.5 percent interest rate. The note was issued in anticipation of tax receipts and was backed by the full faith and credit of the School District. The note was fully repaid on April 29, 2015.

**NOTE 18 - LONG TERM OBLIGATIONS**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/14	Additions	Reductions	Outstanding 6/30/15	Amounts Due Within One Year
<b><u>Governmental Activities:</u></b>					
2005 Energy Conservation					
Loan - \$325,000 @ 4.05-6.00%	\$119,093	\$0	\$25,832	\$93,261	\$25,188
Capital Leases	1,496,587	0	161,554	1,335,033	163,955
Net Pension Liability *	19,743,656	0	3,132,126	16,611,530	0
Compensated Absences Payable	666,475	137,170	98,176	705,469	78,626
<b>Total Governmental Activities</b>	<b>\$22,025,811</b>	<b>\$137,170</b>	<b>\$3,417,688</b>	<b>\$18,745,293</b>	<b>\$267,769</b>

\* For additional information related to net pension liability, see Note 13.

*Energy Conservation Loan* – On August 24, 2004, the School District issued a fifteen year \$325,000 note at a variable rate of interest. The initial interest rate through the first five years of the loan was 4.05 percent. The interest rate for the remaining ten years of the loan is a variable rate based upon the weekly average rate for U.S. Treasury Securities adjusted to a “five year Treasury Rate” plus 2.25 percent multiplied by seventy-five percent per year. The rate is adjusted every five years and shall not exceed six percent and each adjustment shall not exceed one and one-quarter percent. After the initial rate adjustment on August 24, 2009, the current interest rate is 3.43 percent. The note was backed by the full faith and credit of the School District. The repayments are to be made from utility savings in the General Fund.

The principal and interest requirements to retire the energy conservation loan are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$25,188	\$6,612	\$31,800
2017	26,700	5,100	31,800
2018	28,302	3,498	31,800
2019	13,071	1,800	14,871
	<u>\$93,261</u>	<u>\$17,010</u>	<u>\$110,271</u>

The overall debt margin of the School District as of June 30, 2015 was \$34,623,739 with an unvoted debt margin of \$384,708.

Capital leases will be paid from the General Fund and the Permanent Improvement Fund.



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

Compensated absences will be paid from the General Fund.

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)* – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2015, the total amount paid to OME-RESA from the School District was \$646 for cooperative gas purchasing service administrative fees, \$22,366 for technology services and \$27,720 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

*Metropolitan Educational Council* - The Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2015 was \$651. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

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

*Belmont-Harrison Vocational School District* – The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2015, the School District made no contributions to the Belmont-Harrison Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at Fox Shannon Road, St. Clairsville, Ohio 43950.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 20 - PUBLIC ENTITY POOLS**

**A. Insurance Purchasing Pools**

*Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP)* – The School District participates in the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program, a group retrospective rating plan for workers' compensation as established under Rule Section 4123-17-73 of the Ohio Administrative Code. The GRP is an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Program's business and affairs are conducted by the President and CEO of the Better Business Bureau. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program. The School District's enrollment fee of \$1,400 for policy year 2015 was paid to Sheakley UniService, Inc.

**B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool**

*The Jefferson Health Plan Self-Insurance Plan* – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The School District only participates in the pool for dental insurance. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

**NOTE 21 - RELATED ORGANIZATION**

*The St. Clairsville Public Library* – The St. Clairsville Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the St. Clairsville-Richland City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the St. Clairsville Public Library, Clerk/Treasurer, at 108 East Main Street, St. Clairsville, Ohio 43950.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**B. State Foundation Funding**

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

**C. Litigation**

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

**NOTE 23 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS**

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	284,671
Current Year Qualifying Expenditures	(213,442)
Current Year Qualifying Transfers	(200,000)
Totals	<u>(\$128,771)</u>
Balance Carried Forward to Fiscal Year 2016	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2015	<u>\$0</u>

The School District had qualifying transfers and disbursements during the fiscal year that reduced the set-aside amount for capital improvements to below zero that may not be carried forward to future years. The School District also has prior year capital expenditures paid from debt proceeds in connection with a school facilities project and an energy conservation project that may be carried forward to offset future set-aside requirements.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 24 – SUBSEQUENT EVENT**

**Tax Increment Financing Agreement**

On December 31, 2015, in conjunction with Belmont County's desire to undertake a tax increment financing agreement in connection with the financing of public infrastructure improvements, the Board of Education passed a resolution declaring improvements to certain parcels of real property located in unincorporated area of Belmont County, to be a public purpose; exempting such improvements from property taxation; specifying the public infrastructure improvements that, once made, will directly benefit those parcels; requiring the owners of those parcels to make service payments in lieu of taxes; establishing a redevelopment tax equivalent fund for the deposit of such service payments; authorizing a school compensation agreement and one or more tax increment financing agreements; affirming the creation of a tax incentive review council; establishing nondiscriminatory hiring policies; providing related authorizations pursuant to Ohio Revised Code Sections 5709.77 through 5709.80 and 5709.85; and a Compensation Agreement with Belmont County.

**St. Clairsville-Richland City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)(2)*

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.053601%	0.053601%
School District's Proportionate Share of the Net Pension Liability	\$2,712,716	\$3,187,479
School District's Covered-Employee Payroll	\$1,557,395	\$1,527,621
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.18%	208.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

**St. Clairsville-Richland City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)(2)*

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.05714160%	0.05714160%
School District's Proportionate Share of the Net Pension Liability	\$13,898,814	\$16,556,177
School District's Covered-Employee Payroll	\$5,829,623	\$6,075,283
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.42%	272.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

**St. Clairsville-Richland City School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$218,868	\$215,855	\$211,423	\$214,381	\$201,151	\$218,351	\$158,828	\$151,822	\$150,374	\$136,259
Contributions in Relation to the Contractually Required Contribution	<u>(218,868)</u>	<u>(215,855)</u>	<u>(211,423)</u>	<u>(214,381)</u>	<u>(201,151)</u>	<u>(218,351)</u>	<u>(158,828)</u>	<u>(151,822)</u>	<u>(150,374)</u>	<u>(136,259)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,660,607	\$1,557,395	\$1,527,621	\$1,593,913	\$1,600,246	\$1,612,640	\$1,614,102	\$1,546,052	\$1,407,996	\$1,287,890
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**St. Clairsville-Richland City School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$866,764	\$757,851	\$789,787	\$852,677	\$855,292	\$825,003	\$778,664	\$738,008	\$732,117	\$725,763
Contributions in Relation to the Contractually Required Contribution	<u>(866,764)</u>	<u>(757,851)</u>	<u>(789,787)</u>	<u>(852,677)</u>	<u>(855,292)</u>	<u>(825,003)</u>	<u>(778,664)</u>	<u>(738,008)</u>	<u>(732,117)</u>	<u>(725,763)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$6,191,171	\$5,829,623	\$6,075,283	\$6,559,051	\$6,579,169	\$6,346,177	\$5,989,720	\$5,676,982	\$5,631,670	\$5,582,791
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%



**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT  
BELMONT COUNTY**

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

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program Title</b>	<b>Pass-through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed-Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	N/A	10.555	\$23,290	\$23,290
Cash Assistance:				
School Breakfast Program	045997-05PU-15	10.553	77,731	77,731
National School Lunch Program	045997-LLP4-15	10.555	159,684	159,684
Cash Assistance Total			<u>237,415</u>	<u>237,415</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			260,705	260,705
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed-Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	045997-C1S1-14	84.010	61,935	41,043
	045997-C1S1-15		248,499	262,175
Title I Grants to Local Educational Agencies			<u>310,434</u>	<u>303,218</u>
Special Education Cluster (IDEA)				
Special Education, Grants to States (IDEA, Part B)	045997-6BSF-14	84.027	91,784	51,183
	045997-6BSF-15		308,276	345,391
Special Education, Grants to States (IDEA, Part B) Subtotal			<u>400,060</u>	<u>396,574</u>
Special Education, Preschool Grants	045997-15	84.173	6,946	6,946
Total Special Education, Cluster (IDEA)			407,006	403,520
Improving Teacher Quality State Grants	045997-TRS1-14	84.367	9,588	9,588
	045997-TRS1-15		64,597	64,992
Total Improving Teacher Quality State Grants			<u>74,185</u>	<u>74,580</u>
ARRA - Race to the Top, Recovery Act	045997-15	84.395	350	350
Total U.S. Department of Education			<u>791,975</u>	<u>781,668</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,052,680</u></b>	<b><u>\$1,042,373</u></b>

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

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT  
BELMONT COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the School 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 School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE C - FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

St. Clairsville-Richland City School District  
Belmont County  
108 Woodrow Avenue  
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 18, 2016, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 18, 2016



# Dave Yost • Auditor of State

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

St. Clairsville-Richland City School District  
Belmont County  
108 Woodrow Avenue  
St. Clairsville, Ohio 43950

To the Board of Education:

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

We have audited the St. Clairsville-Richland City School District's, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 18, 2016

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT  
BELMONT 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): <ul style="list-style-type: none"> <li>• Title I Grants to Local Educational Agencies, CFDA #84.010</li> <li>• Special Education Cluster (IDEA), CFDA #84.027/#84.173</li> </ul>	
<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?	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2016**