



Dave Yost • Auditor of State

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Statement of Net Position - Modified Cash Basis
June 30, 2016

	Governmental Activities
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Equity in Pooled Cash and Cash Equivalents	\$2,805,731
Nondepreciable Capital Assets	3,440
Depreciable Capital Assets, Net	2,121,340
<i>Total Assets</i>	4,930,511
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Investment in Capital Assets	2,124,780
Restricted for:	
Capital Outlay	623,223
Unrestricted	2,182,508
<i>Total Net Position</i>	\$4,930,511

See Accompanying Notes to the Basic Financial Statements

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Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2016

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
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Instruction:					
Regular	\$977,426	\$120,828	\$0	\$0	(\$856,598)
Special	209,718	0	67,370	0	(142,348)
Vocational	1,500	0	1,439	0	(61)
Support Services:					
Instructional Staff	4,341	0	4,143	0	(198)
Board of Education	19,441	0	0	0	(19,441)
Administration	62,477	0	0	0	(62,477)
Fiscal	71,142	0	0	9,224	(61,918)
Operation and Maintenance of Plant	74,793	0	0	0	(74,793)
Central	5,628	0	0	0	(5,628)
<i>Total Governmental Activities</i>	<u>\$1,426,466</u>	<u>\$120,828</u>	<u>\$72,952</u>	<u>\$9,224</u>	<u>(1,223,462)</u>
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Property Taxes Levied for:					
General Purposes					317,146
Grants and Entitlements not Restricted to					
Specific Programs					607,141
Gifts and Donations					5,440
Interest					10,297
Miscellaneous					213,322
<i>Total General Receipts</i>					<u>1,153,346</u>
<i>Change in Net Position</i>					(70,116)
<i>Net Position at Beginning of Year</i>					<u>5,000,627</u>
<i>Net Position at End of Year</i>					<u>\$4,930,511</u>

See Accompanying Notes to the Basic Financial Statements

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Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2016

	General Fund	Permanent Improvement Fund	Total Governmental Funds
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Equity in Pooled Cash and Cash Equivalents	\$2,181,226	\$623,223	\$2,804,449
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	1,282	0	1,282
<i>Total Assets</i>	<u>\$2,182,508</u>	<u>\$623,223</u>	<u>\$2,805,731</u>
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Nonspendable	\$1,282	\$0	\$1,282
Restricted	0	623,223	623,223
Assigned	176,250	0	176,250
Unassigned	2,004,976	0	2,004,976
<i>Total Fund Balances</i>	<u>\$2,182,508</u>	<u>\$623,223</u>	<u>\$2,805,731</u>

See Accompanying Notes to the Basic Financial Statements

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 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities - Modified Cash Basis
 June 30, 2016

VqvcniI qxgt po gpvcniHwpf 'Dcm pegu \$2,805,731

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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	3,440
Building and Improvements	2,880,638
Furniture and Equipment	9,562
Accumulated Depreciation	(768,860)
	(768,860)

Total Capital Assets 2,124,780

Net Position of Governmental Activities \$4,930,511

See Accompanying Notes to the Basic Financial Statements

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Statement of Cash Receipts, Disbursements and Changes in
Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
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Property Taxes	\$253,606	\$63,540	\$0	\$317,146
Tuition and Fees	120,828	0	0	120,828
Interest	10,297	0	0	10,297
Intergovernmental	638,995	9,224	41,098	689,317
Gifts and Donations	5,440	0	0	5,440
Miscellaneous	213,322	0	0	213,322
<i>Total Receipts</i>	<u>1,242,488</u>	<u>72,764</u>	<u>41,098</u>	<u>1,356,350</u>
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Current:				
Instruction:				
Regular	977,426	0	0	977,426
Special	172,763	0	36,955	209,718
Vocational	1,500	0	0	1,500
Support Services:				
Instructional Staff	198	0	4,143	4,341
Board of Education	19,441	0	0	19,441
Administration	64,496	0	0	64,496
Fiscal	68,757	1,600	0	70,357
Operation and Maintenance of Plant	19,622	0	0	19,622
Central	5,628	0	0	5,628
<i>Total Disbursements</i>	<u>1,329,831</u>	<u>1,600</u>	<u>41,098</u>	<u>1,372,529</u>
<i>Net Change in Fund Balances</i>	(87,343)	71,164	0	(16,179)
<i>Fund Balances at Beginning of Year</i>	<u>2,269,851</u>	<u>552,059</u>	<u>0</u>	<u>2,821,910</u>
<i>Fund Balances at End of Year</i>	<u>\$2,182,508</u>	<u>\$623,223</u>	<u>\$0</u>	<u>\$2,805,731</u>

See Accompanying Notes to the Basic Financial Statements

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 Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis
 For the Fiscal Year Ended June 30, 2016

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Governmental funds report capital outlays as disbursements. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation disbursements. In the current period, these amounts are:

Capital Outlay	2,149
Depreciation Disbursements	<u>(56,086)</u>

Excess of Depreciation Over Capital Outlay	<u>(53,937)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$70,116)</u></u>
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See Accompanying Notes to the Basic Financial Statements

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Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	
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Property Taxes	\$236,400	\$253,606	\$253,606	\$0
Tuition and Fees	141,500	120,828	120,828	0
Interest	7,400	10,297	10,297	0
Intergovernmental	629,800	638,995	638,995	0
Gifts and Donations	0	5,440	5,440	0
Miscellaneous	189,700	205,237	205,237	0
<i>Total Receipts</i>	<u>1,204,800</u>	<u>1,234,403</u>	<u>1,234,403</u>	<u>0</u>
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Current:				
Instruction:				
Regular	964,200	977,426	977,426	0
Special	142,700	172,763	172,763	0
Vocational	0	1,500	1,500	0
Support Services:				
Pupils	4,000	0	0	0
Instructional Staff	2,000	198	198	0
Board of Education	21,698	19,441	19,441	0
Administration	68,150	64,496	64,496	0
Fiscal	87,250	77,332	77,332	0
Operation and Maintenance of Plant	31,500	22,622	22,622	0
Central	5,307	5,628	5,628	0
Operation of Non-Instructional Services	5,000	0	0	0
<i>Total Disbursements</i>	<u>1,331,805</u>	<u>1,341,406</u>	<u>1,341,406</u>	<u>0</u>
<i>Excess of Receipts Under Disbursements</i>	(127,005)	(107,003)	(107,003)	0
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Refund of Prior Year Expenditures	0	8,085	8,085	0
<i>Net Change in Fund Balance</i>	(127,005)	(98,918)	(98,918)	0
<i>Fund Balance at Beginning of Year</i>	2,252,553	2,252,553	2,252,553	0
<i>Prior Year Encumbrances Appropriated</i>	<u>17,298</u>	<u>17,298</u>	<u>17,298</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,142,846</u>	<u>\$2,170,933</u>	<u>\$2,170,933</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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The College Corner Local School District, Preble County, Ohio (the “School District”), is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College Corner Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the School District.

Due to the location of the College Corner Local School District, situated on the Ohio-Indiana State line, the School District is administered by a Joint Board. On July 1, 1995, a reorganization agreement between the College Corner Local School District and the Union County School Corporation (an Indiana school district) became effective. Under this agreement, the two school districts became the Union County-College Corner Joint School District. The Joint School District is administered by a Joint Board, comprised of nine members. Seven members are school board members from the Union County School Corporation and the remaining two members are from the College Corner Local School District. The reorganization agreement may be terminated between any two school years by the mutual agreement of both the Union County School Corporation and the College Corner Local School District.

The Joint Board has the authority to set the annual budget of the Joint School District. In addition, the Joint Board has the duty and power to operate and establish policies for the Joint School District in accordance with federal law and the laws of the State of Indiana to the fullest extent possible. The Joint Board is to follow Indiana law exclusively, unless expressly provided for in the reorganization agreement. The local Board of Education of the College Corner Local School District has authority over issues pertaining to tax rates for revenue collected from Ohio taxpayers and personnel working directly for the local Board of Education.

With regard to financial management, according to the reorganization agreement, the Union County School Corporation is the “administering” district. The administering district is the district that has been delegated the responsibility to maintain the books and records, issue contracts, and perform day-to-day operations. The College Corner Local School District makes payments to the Union County School Corporation. The College Corner Local School District keeps a record of just its transactions in its accounting system maintained by the Southwest Ohio Computer Association. The School District has a two year employment contract with the Superintendent, who is employed part-time and does not earn any type of leave or receive any insurance benefits.

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 are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For College Corner Local School District, this includes general operations and student related activities of the School District.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

The School District participates in one jointly governed organization, the Southwest Ohio Computer Association (Note 10).

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The financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The more significant of the School District's accounting policies are described below.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, does not have any activities which are presented as business-type.

The Statement of Net Position presents the cash balance and capital assets of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts,

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

Fund Financial Statements:

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

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

Governmental Funds:

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

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

Permanent Improvement Fund – The Permanent Improvement Capital Projects Fund is used to account for and report property taxes and associated intergovernmental revenues levied to be used for various capital improvements within the School District.

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

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The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

E c u j ' e p f ' K o x g u o g p u

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

During fiscal year 2016, the School District’s investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio’s net asset value per share which is the price the investment could be sold for on June 30, 2016.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2016 were \$10,297, which included \$2,287 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 equivalents.

T g u t l e v g f ' C u g w u '

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents held as unclaimed monies.

E c r k e n C u g w u

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

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

values as of the date received. The School District maintains a capitalization threshold of \$1,000. 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 capitalized.

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:

Description	Estimated Lives
Building and Improvements	50 years
Furniture and Equipment	5-20 years

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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.

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the 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. 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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

requirements. Committed fund balance represents amounts specifically committed for purchases on order and employee reimbursements.

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 Board of Education. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been fully 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.

P g v R q u l s k o p "

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. The School District has no debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources for federal and State grants restricted to cash disbursement for specific purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

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

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 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2016

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

The appropriations resolution is subject to amendment by the board throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Before fiscal year-end, the School District requested and received a final appropriations resolution that reflected actual disbursements for the fiscal year in all funds. "

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The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation disbursements); accordingly, actual results could differ from those estimates."

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The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis).

The following table summarizes the adjustment necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General Fund.

	<u>Net Change in Fund Balance</u>
	General Fund
Modified Cash Basis	(\$87,343)
Encumbrances	(11,575)
Budget Basis	<u>(\$98,918)</u>

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio);

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided in the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked daily, and the term of the agreement must not exceed thirty days.

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.

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Custodial credit risk for deposits is the risk that in the event of bank failure, the College Corner Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$732,864 of the School District's bank balance of \$1,482,864 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent or trust department, but not in the name of the School District.

The School District has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or 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 105 percent of deposits being secured.

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As of June 30, 2016, the School District only had an investment of \$1,325,165 in STAROhio, the State Treasurer's Investment Pool. This investment has an average maturity of 48.6 days.

Interest Rate Risk:

The School District's investment policy follows State statute, which requires that an investment mature within five years of 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Credit Risk:

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment 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. All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District does not have a policy for custodial credit risk.

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015 on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014 were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Butler and Preble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$12,793,450	93%	\$12,797,130	93%
Public Utility Personal	967,250	7%	977,750	7%
Total	\$13,760,700	100%	\$13,774,880	100%
Tax Rate per \$1,000 of Assessed Valuation	\$32.10		\$32.10	

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Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016
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Capital Assets, not Being Depreciated:				
Land	\$3,440	\$0	\$0	\$3,440
Capital Assets, Being Depreciated:				
Building and Improvements	2,880,638	0	0	2,880,638
Furniture and Equipment	7,413	2,149	0	9,562
Total Capital Assets, Being Depreciated	2,888,051	2,149	0	2,890,200
Less Accumulated Depreciation:				
Building and Improvements	(710,583)	(55,171)	0	(765,754)
Furniture and Equipment	(2,191)	(915)	0	(3,106)
Total Accumulated Depreciation	(712,774)	(56,086) *	0	(768,860)
Capital Assets, Being Depreciated, Net	2,175,277	(53,937)	0	2,121,340
Governmental Activities Capital Assets, Net	\$2,178,717	(\$53,937)	\$0	\$2,124,780

* Depreciation disbursement was charged to governmental functions as follows:"

Instruction:	
Regular	\$55,171
Support Services:	
Administration	130
Fiscal	785
Total Depreciation	\$56,086

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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

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 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2016

fiscal year 2016, the School District contracted with Indiana Insurance for general liability, sexual misconduct and molestation liability, and school leaders' errors and omissions liability.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.

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

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

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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

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 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2016

about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$10,755 for fiscal year 2016.

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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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS was \$23,422 for fiscal year 2016.

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The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.00270000%	0.00270572%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.00255180%</u>	<u>0.00160350%</u>	
Change in Proportionate Share	<u><u>-0.00014820%</u></u>	<u><u>-0.00110222%</u></u>	
Proportionate Share of the Net Pension Liability	\$145,607	\$443,161	\$588,768

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

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2015, are presented below:

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

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

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

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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<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	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

F l u e q w p v T c v g 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$201,906	\$145,607	\$98,201

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In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the School District's net pension liability is expected to be significant.

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The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
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 commences 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 no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2016

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

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Fkueqwpv'Tcvg The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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Fkueqwpv'Tcvg 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	\$615,583	\$443,161	\$297,351

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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, 2016, two members of the Governing Board has elected Social Security. The Board's liability is 6.2 percent of wages paid.

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 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2016

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation 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 2016, this amount was \$23,000. 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 2016, the School District's surcharge obligation was \$414.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$1,517, and \$1,584, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014. "

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Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees,

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$2,655, respectively. The full amount has been contributed for 2016, 2015 and 2014.

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POVG'32'/'LQRPVN' I QXGTPGF'QTI CPK CVIQP"

Uqwj v gu'Qj kq'E q o r wgt 'C u n g e k v l q p "

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SWOCA \$5,157 for membership and services during the fiscal year. Financial information can be obtained from Donna Davis, Executive Director of SWOCA at 3611 Hamilton-Middletown Road, Hamilton, Ohio 45011.

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POVG'33'/'UGV/CUFG'ECNE WNCVIQPU

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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

E qn gi g' E q t p g t ' N q e c n U e j q q n F l u t l e v '
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

	Capital Improvements
Restricted Balance as of June 30, 2015	\$0
Current Fiscal Year Set-aside Requirement	17,847
Current Fiscal Year Offsets	(63,540)
Totals	(\$45,693)
Restricted Balance as of June 30, 2016	\$0

Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

PQVG'34/'HMPF'DCNCPEGU

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

Fund Balances	General Fund	Permanent Improvement Fund	Total Funds
<i>P q p u r g p f c d n g</i>			
Unclaimed Monies	\$1,282	\$0	\$1,282
<i>T g u t l e v g f ' l q t</i>			
Capital Improvements	0	623,223	623,223
<i>C u l i p g f ' l q</i>			
Purchases on Order	11,575	0	11,575
Future Appropriations	164,675	0	164,675
<i>T o t a l A s s i g n e d</i>	176,250	0	176,250
<i>W p c u l i p g f ''</i>	2,004,976	0	2,004,976
<i>T o t a l F u n d B a l a n c e s</i>	\$2,182,508	\$623,223	\$2,805,731

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PQVG'35/'EQPVKPI GPEKGU'

I t c p w i'

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

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School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, 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, 2016 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

Nklti cvkqp''

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

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PQVG'36''EQO RNCPEG''

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

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

The discussion and analysis of College Corner Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

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Key financial highlights for fiscal year 2015 are as follows:

- Á The School District saw an increase in enrollment of 14 students for the year.

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This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements."

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

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Statement of Net Position and Statement of Activities – Modified Cash Basis

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2015, within the limitations of the modified cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

T g r q t v l p i ' v j g' U e j q q n F k m l e v ' t u' O q u' U i p h l e c p v' H w p f u'

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. 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 Permanent Improvement Fund.

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

Governmental Funds

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

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Table 1 provides a summary of the School District's net position for fiscal year 2015 compared to fiscal year 2014 on a modified cash basis:

Table 1
Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Cugvuk			
Equity in Pooled Cash and Cash Equivalents	\$2,821,910	\$2,833,770	(\$11,860)
Capital Assets	2,178,717	2,234,773	(56,056)
<i>Total Assets</i>	<u>5,000,627</u>	<u>5,068,543</u>	<u>(67,916)</u>
Pgv'Rquiskqp<			
Invested in Capital Assets	2,178,717	2,234,773	(56,056)
Restricted	552,059	480,356	71,703
Unrestricted	2,269,851	2,353,414	(83,563)
<i>Total Net Position</i>	<u>\$5,000,627</u>	<u>\$5,068,543</u>	<u>(\$67,916)</u>

Under the modified cash basis of accounting, no accruals for receivables or payables are recorded. Equity in Pooled in Cash and Cash Equivalents decreased due to disbursements exceeding receipts. The School District has elected to record capital assets, which decreased \$56,056 due to current fiscal year depreciation.

Restricted net assets increased due to the School District not making any major capital improvements during the fiscal year. Unrestricted net assets decreased due to disbursements exceeding receipts.

Eqngi g'Eqtpgt 'NqecniUej qqniF lmt lev'
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 Unaudited

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

Table 2
 Changes in Net Position

	2015	2014	Change
Tgeglr vu<			
Program Receipts:			
Charges for Services	\$141,520	\$135,582	\$5,938
Operating Grants and Contributions	71,410	69,018	2,392
Capital Grants and Contributions	11,706	9,883	1,823
<i>Total Program Receipts</i>	<u>224,636</u>	<u>214,483</u>	<u>10,153</u>
General Receipts:			
Property Taxes	299,751	297,326	2,425
Grants and Entitlements not Restricted to Specific Programs	627,539	612,304	15,235
Interest	7,472	7,045	427
Miscellaneous	200,771	179,875	20,896
<i>Total General Receipts</i>	<u>1,135,533</u>	<u>1,096,550</u>	<u>38,983</u>
<i>Total Receipts</i>	<u>1,360,169</u>	<u>1,311,033</u>	<u>49,136</u>
Rtqi tco 'Fludwtugo gpvu<			
Instruction:			
Regular	962,608	844,404	118,204
Special	208,434	165,032	43,402
Support Services:			
Pupils	2,925	3,612	(687)
Instructional Staff	4,524	4,487	37
Board of Education	17,754	17,666	88
Administration	62,317	60,645	1,672
Fiscal	80,993	68,708	12,285
Operation and Maintenance of Plant Central	83,471	85,656	(2,185)
	5,059	4,941	118
Operation of Non-Instructional Services	0	5,000	(5,000)
<i>Total Disbursements</i>	<u>1,428,085</u>	<u>1,260,151</u>	<u>\$167,934</u>
<i>Change in Net Position</i>	<u>(67,916)</u>	<u>50,882</u>	
<i>Net Position at Beginning of Year</i>	<u>5,068,543</u>	<u>5,017,661</u>	
<i>Net Position at End of Year</i>	<u>\$5,000,627</u>	<u>\$5,068,543</u>	

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

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The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 22 percent of receipts for fiscal year 2015. Grants and entitlements not restricted to specific programs, which is composed of State foundation monies increased making up 46 percent of receipts for governmental activities. Miscellaneous revenue increased \$20,896, primarily due to the School District receiving more administrative reimbursements from the Union County School District during fiscal year 2015. Operating grants and contributions increased due to an increase in State funding for special instruction. Overall, revenues increased \$49,136 from fiscal year 2014.

Overall disbursements to Union County School District increased \$167,934 from fiscal year 2014 due to an increase in enrollment at College Corner Local School District. In addition, there was a formula error on a proportionate calculation. College Corner Local School District made an additional one-time payment to Union County Local School District.

Again, it should be noted that the School District uses the modified cash basis of accounting which does not take into account any accruals and only includes what is disbursed during the fiscal year being reported.

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The School District's major funds include the General Fund and the Permanent Improvement Fund, which is accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$1,360,169 and disbursements of \$1,372,029. The General Fund had a decrease in fund balance of \$83,563. The decrease was due to a one-time payment to Union County Local School District and increased enrollment. The Permanent Improvement Fund had an increase in fund balance of \$71,703, due to the School District not making any significant repairs during fiscal year 2015.

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

During the course of fiscal year 2015, the School District revised its budget as it attempted to deal with unexpected changes in receipts and disbursements. A summary of the General Fund's original and final budgeted amounts is listed on page 45, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final budget basis receipts were \$1,207,403 which was more than the original estimates of \$1,179,700, a difference of only \$27,703. The overall increase in revenues is due an increase in property tax receipts and tuition and fees. Property tax receipts increased due to an increase in assessed values. Tuition and fees increased due to an increase in enrollments. Actual receipts were \$1,428 more than the final budgeted receipts. "

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

For the General Fund, final budget basis and actual disbursements were \$1,317,431, which was \$190,594 under the original estimates of \$1,508,025. The decrease is due to a reduction in regular instruction cost.

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Table 3 shows fiscal year 2015 balances compared to fiscal year 2014.

Table 3
 Capital Assets (Net of Depreciation) at June 30,

	2015	2014	Change
Land	\$3,440	\$3,440	\$0
Building and Improvements	2,170,055	2,225,226	(55,171)
Furniture and Equipment	5,222	6,107	(885)
<i>Totals</i>	\$2,178,717	\$2,234,773	(\$56,056)

For more information on capital assets, see Note 6 of the Basic Financial Statements.

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This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jack Mann at the College Corner Local School District, 230 Ramsey Street, College Corner, Ohio 45003.

Eqmgi g'Eqt pgt 'NqecndUej qqrIF kmt lev
Statement of Net Position - Modified Cash Basis
June 30, 2015

	Governmental Activities
Cugvu<	
Equity in Pooled Cash and Cash Equivalents	\$2,821,910
Nondepreciable Capital Assets	3,440
Depreciable Capital Assets, Net	2,175,277
<i>Total Assets</i>	5,000,627
P gv'Rqustkp<	
Investment in Capital Assets	2,178,717
Restricted for:	
Capital Outlay	552,059
Unrestricted	2,269,851
<i>Total Net Position</i>	\$5,000,627

See Accompanying Notes to the Basic Financial Statements

E qn gi g' Eqt pgt 'NqecriUej qqrif hnt lev
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2015

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
I qxgt po gpvcnCeivkblgu<					
Instruction:					
Regular	\$962,608	\$141,520	\$0	\$0	(\$821,088)
Special	208,434	0	67,089	0	(141,345)
Support Services:					
Pupils	2,925	0	0	0	(2,925)
Instructional Staff	4,524	0	4,321	0	(203)
Board of Education	17,754	0	0	0	(17,754)
Administration	62,317	0	0	11,706	(50,611)
Fiscal	80,993	0	0	0	(80,993)
Operation and Maintenance of Plant	83,471	0	0	0	(83,471)
Central	5,059	0	0	0	(5,059)
<i>Total Governmental Activities</i>	<u>\$1,428,085</u>	<u>\$141,520</u>	<u>\$71,410</u>	<u>\$11,706</u>	<u>(1,203,449)</u>
I gpgt cnT'gehr w<					
Property Taxes Levied for:					
General Purposes					238,093
Permanent Improvement					61,658
Grants and Entitlements not Restricted to					
Specific Programs					627,539
Interest					7,472
Miscellaneous					200,771
<i>Total General Receipts</i>					<u>1,135,533</u>
<i>Change in Net Position</i>					(67,916)
<i>Net Position at Beginning of Year</i>					<u>5,068,543</u>
<i>Net Position at End of Year</i>					<u>\$5,000,627</u>

See Accompanying Notes to the Basic Financial Statements

Eqngi g'Eqt pgt 'NqecnlUej qqrIF hnt lev
 Statement of Assets and Fund Balances - Modified Cash Basis
 Governmental Funds
 June 30, 2015

	General Fund	Permanent Improvement Fund	Total Governmental Funds
Cugw<			
Equity in Pooled Cash and Cash Equivalents	\$2,269,851	\$552,059	\$2,821,910
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Nonspendable	\$1,282	\$0	\$1,282
Restricted	0	552,059	552,059
Assigned	109,707	0	109,707
Unassigned	2,158,862	0	2,158,862
<i>Total Fund Balances</i>	<u>\$2,269,851</u>	<u>\$552,059</u>	<u>\$2,821,910</u>

See Accompanying Notes to the Basic Financial Statements

Eqngi g'Eqt pgt 'NqecniUej qqrif hmt lev
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities - Modified Cash Basis
 June 30, 2015

VqvcniI qxgt po gpvcniHwpf 'Dcm pegu \$2,821,910

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"lvc vgo gpv'qhp'gv't quksqp'ct g'f hhtg gpv'dgec wug<

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	3,440
Building and Improvements	2,880,638
Furniture and Equipment	7,413
Accumulated Depreciation	(712,774)
	(712,774)

Total Capital Assets 2,178,717

Net Position of Governmental Activities \$5,000,627

See Accompanying Notes to the Basic Financial Statements

Eqngi g'Eqt pgt 'NqecrUej qqrF knt lev
Statement of Cash Receipts, Disbursements and Changes in
Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Tgeglr vuκ				
Property Taxes	\$238,093	\$61,658	\$0	\$299,751
Tuition and Fees	141,520	0	0	141,520
Interest	7,472	0	0	7,472
Intergovernmental	628,714	11,706	70,235	710,655
Miscellaneous	200,771	0	0	200,771
<i>Total Receipts</i>	<u>1,216,570</u>	<u>73,364</u>	<u>70,235</u>	<u>1,360,169</u>
Fkudwt ugo gpvκ				
Current:				
Instruction:				
Regular	962,608	0	0	962,608
Special	142,520	0	65,914	208,434
Support Services:				
Pupils	2,925	0	0	2,925
Instructional Staff	203	0	4,321	4,524
Board of Education	17,754	0	0	17,754
Administration	62,217	0	0	62,217
Fiscal	78,547	1,661	0	80,208
Operation and Maintenance of Plant	28,300	0	0	28,300
Central	5,059	0	0	5,059
<i>Total Disbursements</i>	<u>1,300,133</u>	<u>1,661</u>	<u>70,235</u>	<u>1,372,029</u>
<i>Net Change in Fund Balances</i>	(83,563)	71,703	0	(11,860)
<i>Fund Balances at Beginning of Year</i>	<u>2,353,414</u>	<u>480,356</u>	<u>0</u>	<u>2,833,770</u>
<i>Fund Balances at End of Year</i>	<u>\$2,269,851</u>	<u>\$552,059</u>	<u>\$0</u>	<u>\$2,821,910</u>

See Accompanying Notes to the Basic Financial Statements

Eqmgi g'Eqt pgt 'NqecrUej qqriF km lev
 Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis
 For the Fiscal Year Ended June 30, 2015

PgvEj cpi g'lp'Hwpf 'Dcrpegu/'Vqwrll qxgt po gpwrHwpf u (\$11,860)

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"lwcgo gpvqhl'evklskgu't g'f higt gpv'dgecwug<

Governmental funds report capital outlays as disbursements.
 However, in the statement of activities, the cost of those
 assets is allocated over their estimated useful lives as
 depreciation disbursements. In the current period,
 these amounts are:

Depreciation Disbursements (56,056)

Change in Net Position of Governmental Activities (\$67,916)

See Accompanying Notes to the Basic Financial Statements

Eqngi g'Eqt pgt 'NqecrUej qqriF km lev
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final		
Tgegr vk				
Property Taxes	\$210,300	\$236,665	\$238,093	\$1,428
Tuition and Fees	135,500	141,520	141,520	0
Interest	7,000	7,472	7,472	0
Intergovernmental	635,900	628,714	628,714	0
Miscellaneous	191,000	193,032	193,032	0
<i>Total Receipts</i>	<u>1,179,700</u>	<u>1,207,403</u>	<u>1,208,831</u>	<u>1,428</u>
Fudwtugo gpvk				
Current:				
Instruction:				
Regular	1,144,700	962,608	962,608	0
Special	125,900	142,520	142,520	0
Support Services:				
Pupils	4,000	2,925	2,925	0
Instructional Staff	2,000	203	203	0
Board of Education	22,700	19,052	19,052	0
Administration	69,200	62,467	62,467	0
Fiscal	104,925	91,297	91,297	0
Operation and Maintenance of Plant	23,200	31,300	31,300	0
Central	6,400	5,059	5,059	0
Operation of Non-Instructional Services	5,000	0	0	0
<i>Total Disbursements</i>	<u>1,508,025</u>	<u>1,317,431</u>	<u>1,317,431</u>	<u>0</u>
<i>Excess of Receipts Under Disbursements</i>	(328,325)	(110,028)	(108,600)	1,428
Qvj gt 'Hpcpelpi 'Uqwt egvk				
Refund of Prior Year Expenditures	0	7,739	7,739	0
<i>Net Change in Fund Balance</i>	(328,325)	(102,289)	(100,861)	1,428
<i>Fund Balance at Beginning of Year</i>	2,345,989	2,345,989	2,345,989	0
<i>Prior Year Encumbrances Appropriated</i>	7,425	7,425	7,425	0
<i>Fund Balance at End of Year</i>	<u>\$2,025,089</u>	<u>\$2,251,125</u>	<u>\$2,252,553</u>	<u>\$1,428</u>

See Accompanying Notes to the Basic Financial Statements

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

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The College Corner Local School District, Preble County, Ohio (the “School District”), is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College Corner Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the School District.

Due to the location of the College Corner Local School District, situated on the Ohio-Indiana State line, the School District is administered by a Joint Board. On July 1, 1995, a reorganization agreement between the College Corner Local School District and the Union County School Corporation (an Indiana school district) became effective. Under this agreement, the two school districts became the Union County-College Corner Joint School District. The Joint School District is administered by a Joint Board, comprised of nine members. Seven members are school board members from the Union County School Corporation and the remaining two members are from the College Corner Local School District. The reorganization agreement may be terminated between any two school years by the mutual agreement of both the Union County School Corporation and the College Corner Local School District.

The Joint Board has the authority to set the annual budget of the Joint School District. In addition, the Joint Board has the duty and power to operate and establish policies for the Joint School District in accordance with federal law and the laws of the State of Indiana to the fullest extent possible. The Joint Board is to follow Indiana law exclusively, unless expressly provided for in the reorganization agreement. The local Board of Education of the College Corner Local School District has authority over issues pertaining to tax rates for revenue collected from Ohio taxpayers and personnel working directly for the local Board of Education.

With regard to financial management, according to the reorganization agreement, the Union County School Corporation is the “administering” district. The administering district is the district that has been delegated the responsibility to maintain the books and records, issue contracts, and perform day-to-day operations. The College Corner Local School District makes payments to the Union County School Corporation. The College Corner Local School District keeps a record of just its transactions in its accounting system maintained by the Southwest Ohio Computer Association. The School District has a two year employment contract with the Superintendent, who is employed part-time and does not earn any type of leave or receive any insurance benefits.

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 are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For College Corner Local School District, this includes general operations and student related activities of the School District.

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

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

The School District participates in one jointly governed organization, the Southwest Ohio Computer Association (Note 10).

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The financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The more significant of the School District's accounting policies are described below.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, does not have any activities which are presented as business-type.

The Statement of Net Position presents the cash balance and capital assets of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to

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

support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

Fund Financial Statements:

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

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

Governmental Funds:

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

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

Permanent Improvement Fund – The Permanent Improvement Capital Projects Fund is used to account for and report property taxes and associated intergovernmental revenues levied to be used for various capital improvements within the School District.

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

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The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

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

Equity Pooled Cash and Cash Equivalents

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

During fiscal year 2015, the School District’s investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio’s net asset value per share which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2015 were \$7,472, which included \$1,462 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 equivalents.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. 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 capitalized.

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:

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

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Description							Estimated Lives						
							Building and Improvements						50 years
							Furniture and Equipment						5-20 years

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

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the 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. 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. Committed fund balance represents amounts specifically committed for purchases on order and employee reimbursements.

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 Board of Education. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been fully appropriated.

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

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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.

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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. The School District has no debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources for federal and State grants restricted to cash disbursement for specific purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

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

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The appropriations resolution is subject to amendment by the board throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Before fiscal year-end, the School District requested and received a final appropriations resolution that reflected actual disbursements for the fiscal year in all funds. "

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The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation disbursements); accordingly, actual results could differ from those estimates."

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The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis)."

The following table summarizes the adjustment necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General Fund.

	<u>Net Change in Fund Balance</u>
	General Fund
Modified Cash Basis	(\$83,563)
Encumbrances	(17,298)
Budget Basis	<u>(\$100,861)</u>

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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

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

treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio Local Governments;
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 (STAROhio); 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.

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

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Custodial credit risk for deposits is the risk that in the event of bank failure, the College Corner Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$1,449,397 of the School District's bank balance of \$2,199,397 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent or trust department, but not in the name of the School District.

The School District has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or 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 105 percent of deposits being secured.

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As of June 30, 2015, the School District only had investments in STAROhio in the amount of \$625,043. The average maturity of STAROhio is 53.4 days.

Interest Rate Risk:

The School District's investment policy follows State statute, which requires that an investment mature within five years of 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:

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment 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. All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District does not have a policy for custodial credit risk.

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

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014 on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 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 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Butler and Preble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties 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.

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	\$10,589,900	93%	\$12,793,450	93%
Public Utility Personal	824,170	7%	967,250	7%
Total	\$11,414,070	100%	\$13,760,700	100%
Tax Rate per \$1,000 of Assessed Valuation	\$32.10		\$32.10	

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

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

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Capital Assets, not Being Depreciated:				
Land	\$3,440	\$0	\$0	\$3,440
Capital Assets, Being Depreciated:				
Building and Improvements	2,880,638	0	0	2,880,638
Furniture and Equipment	7,413	0	0	7,413
Total Capital Assets, Being Depreciated	2,888,051	0	0	2,888,051
Less Accumulated Depreciation:				
Building and Improvements	(655,412)	(55,171)	0	(710,583)
Furniture and Equipment	(1,306)	(885)	0	(2,191)
Total Accumulated Depreciation	(656,718)	(56,056) *	0	(712,774)
Capital Assets, Being Depreciated, Net	2,231,333	(56,056)	0	2,175,277
Governmental Activities Capital Assets, Net	<u>\$2,234,773</u>	<u>(\$56,056)</u>	<u>\$0</u>	<u>\$2,178,717</u>

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* Depreciation disbursement was charged to governmental functions as follows:"

Instruction:	
Regular	\$55,171
Support Services:	
Administration	100
Fiscal	785
Total Depreciation	<u>\$56,056</u>

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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 Indiana Insurance for general liability, sexual misconduct and molestation liability, and school leaders' errors and omissions liability.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.

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

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

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

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

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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

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

about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 \$10,125 for fiscal year 2015.

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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

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

net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

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

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

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

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

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

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 \$27,720 for fiscal year 2015.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$136,645	\$658,125	\$794,770
Proportion of the Net Pension Liability	0.002700%	0.0027057%	

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

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

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

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

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

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

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

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

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	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

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

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.

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	\$194,952	\$136,645	\$87,604

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

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

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

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for

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

each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

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

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$942,177	\$658,125	\$417,912

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

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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, two members of the Governing Board has elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees 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 \$414.

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

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$1,517, \$1,584, and \$2,388, respectively. The full amount has been contributed for all three fiscal years.

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$2,655, and \$3,030 respectively. The full amount has been contributed for all three fiscal years.

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The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SWOCA \$5,005 for membership and services during the fiscal year. Financial information can be obtained from Donna Davis, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

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

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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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	<u>Capital Improvements</u>
Restricted Balance as of	
June 30, 2014	\$0
Current Fiscal Year Set-aside Requirement	16,539
Current Fiscal Year Offsets	<u>(62,372)</u>
Totals	<u><u>(\$45,833)</u></u>
Restricted Balance as of	
June 30, 2015	<u><u>\$0</u></u>

Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

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

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

Fund Balances	General Fund	Permanent Improvement Fund	Total Funds
<i>P q p u r g p f c d n g</i>			
Unclaimed Monies	\$1,282	\$0	\$1,282
<i>T g u t l e v g f ' h q t</i>			
Capital Improvements	0	552,059	552,059
<i>C u u k i p g f ' h q</i>			
Purchases on Order	17,298	0	17,298
Furture Appropriations	92,409	0	92,409
<i>Total Assigned</i>	<u>109,707</u>	<u>0</u>	<u>109,707</u>
<i>W p c u u k i p g f "</i>	<u>2,158,862</u>	<u>0</u>	<u>2,158,862</u>
<i>Total Fund Balances</i>	<u><u>\$2,269,851</u></u>	<u><u>\$552,059</u></u>	<u><u>\$2,821,910</u></u>

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

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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 determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

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

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

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Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

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Dave Yost • Auditor of State

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

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Internal Control Over Financial Reporting

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Ö deficiency in internal control Á^ çæ Á^ @ Á@Áá^ á^ Á [|Á] ^!ææ } Á [Áæ&[] d[|Áá^ Á^] [çæ^] Á { æ æ^ { ^ } ç^ íÁ^] [|] ^ Á @ } Á^ í^! í^ æ^ Á@áÁæ • á^ áÁ^ & çæ } • ÁÁ Á^ í^ ç^] d[|Áá^ ç^ & ÁÁ^ í^ Á &[|Á &Á^ { á • çæ^ { ^ } Á ÁÁÁ material weakness Áá Áá^ áá } & Á [|Á &[] áá ææ } Á [Áá ç^] æ^ &[] d[|Á á^ áá } & Á Á^ [|Á * ÁÁ Áá^ æ [] æ^!^ Á [• çæ Á@Á^ ç^] æ^ &[] d[|Á áÁ [ç^ í^ ç^] ç^ íÁ^ ç^ & ÁÁ^ í^ Á &[|Á &Á^ æ^!^ áá á • çæ^ { ^ } ç^ Á@ÁÚ&@ [|ÁÖã d &apÁ Áæ æ &apÁ çæ^ { ^ } Á ÁÁÁ significant deficiency Á Áá á^ áá } & Á [|Áá &[] áá ææ } Á [Áá^ áá } & Á ÁÁ Áá ç^] æ^ &[] d[|Á@ÁÁ Á^ • Á^ ç^!^ Á@Á^ Áá^ æ^!^ áá^ , ^æ } • Á^ Á^ [|] çæ^ ç^] [• çæ Á^ í^ áá^ } çæ } Á^ Á@Á^ Á^ áÁ^ áá^ [ç^] æ^ & Á

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COLLEGE CORNER LOCAL SCHOOL DISTRICT
PREBLE COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2016 AND 2015

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

FINDING NUMBER 2016-001

Noncompliance Citation

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

Ohio Admin. Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, fund equities, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District. The School District should file its annual financial report in accordance with generally accepted accounting principles.

Officials' Response:

The Board of Education maintains its position on filing a complete GAAP report due to the costliness of compliance and its usefulness to the District and the District's limited resources.

**COLLEGE CORNER LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B), failure to report in accordance with generally accepted accounting principles. The citation has occurred since FY00 (the earliest information available).	Not Corrected	The Board of Education maintains its position on filing a complete GAAP report due to the costliness of compliance and its usefulness to the District and the District's limited resources.
2014-002	Ohio Rev. Code § 5705.41(D)(1), failure to properly encumber expenditures	Partially Corrected	The Board of Education will take steps to ensure compliance with Ohio Law.



Dave Yost • Auditor of State

COLLEGE CORNER LOCAL SCHOOL DISTRICT

PREBLE 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
SEPTEMBER 26, 2017