



Dave Yost • Auditor of State

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY
JUNE 30, 2016 AND 2015**

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SENECA COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

New Riegel Local School District
Seneca County
44 North Perry Street
New Riegel, Ohio 44853-0207

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio, as of June 30, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General and Classroom Facilities and Maintenance funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 22, 2017

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The management's discussion and analysis of the New Riegel Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net position of the District increased \$523,585 or 15.89% from fiscal year 2015.
- General receipts accounted for \$4,053,180 or 79.63% of total governmental activities receipts. Program specific receipts accounted for \$1,037,069 or 20.37% of total governmental activities receipts.
- The District had \$4,566,664 in disbursements related to governmental activities; \$1,037,069 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$4,053,180 were adequate to provide for these programs.
- The District's major funds are the general fund and the classroom facilities maintenance fund. The general fund, the District's largest major fund, had total receipts of \$4,620,506 in 2016. The disbursements and other financing uses of the general fund, totaled \$4,152,590 in 2016. The general fund's balance increased \$467,916 or 17.75% from 2015 to 2016.
- The classroom facilities maintenance fund had total receipts of \$30,987 in 2016. The disbursements of the classroom facilities maintenance fund, totaled \$287 in 2016. The classroom facilities maintenance fund's balance increased \$30,700 or 8.04% from 2015 to 2016.

Using the Basic Financial Statements

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

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

Basis of Accounting

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(Continued)

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2016, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program 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 the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the 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 and income taxes.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the classroom facilities maintenance fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(Continued)

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee dental and vision self-insurance.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are an agency fund.

Notes to the Financial Statements

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

The District as a Whole

The table below provides a summary of the District's net position for 2016 and 2015.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 3,819,143	\$ 3,295,532
Cash with fiscal agent	<u>-</u>	<u>26</u>
Total assets	<u>\$ 3,819,143</u>	<u>\$ 3,295,558</u>
<u>Net Position</u>		
Restricted	\$ 588,584	\$ 567,250
Unrestricted	<u>3,230,559</u>	<u>2,728,308</u>
Total net position	<u>\$ 3,819,143</u>	<u>\$ 3,295,558</u>

The total net position of the District increased \$523,585 which represents a 15.89% increase from fiscal year 2015. The balance of government-wide unrestricted net position of \$3,230,559 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net position for fiscal years 2016 and 2015.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(Continued)

	Change in Net Position	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Receipts:		
Program receipts:		
Charges for services and sales	\$ 749,107	\$ 718,687
Operating grants and contributions	<u>287,962</u>	<u>306,994</u>
Total program receipts	<u>1,037,069</u>	<u>1,025,681</u>
General receipts:		
Property taxes	1,094,777	962,843
Income tax	718,389	726,250
Unrestricted grants	2,188,218	1,947,931
Investment earnings	27,383	24,552
Other	<u>24,413</u>	<u>34,680</u>
Total general receipts	<u>4,053,180</u>	<u>3,696,256</u>
Total receipts	<u>5,090,249</u>	<u>4,721,937</u>
Disbursements:		
Instruction:		
Regular	1,995,742	1,899,298
Special	268,138	329,031
Vocational	21,359	13,343
Other	59,660	57,366
Support services:		
Pupil	148,728	136,700
Instructional staff	194,857	216,927
Board of education	202,130	78,852
Administration	355,647	338,882
Fiscal	231,163	228,863
Operations and maintenance	494,916	490,531
Pupil transportation	163,816	257,277
Food service operations	163,947	154,952
Other non instructional services	-	1,778
Extracurricular	188,420	205,455
Facilities acquisition and construction	10,238	5,000
Debt service:		
Principal retirement	55,000	55,000
Interest and fiscal charges	<u>12,903</u>	<u>14,030</u>
Total disbursements	<u>4,566,664</u>	<u>4,483,285</u>
Change in net position	523,585	238,652
Net position at beginning of year	<u>3,295,558</u>	<u>3,056,906</u>
Net position at end of year	<u>\$ 3,819,143</u>	<u>\$ 3,295,558</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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Governmental Activities

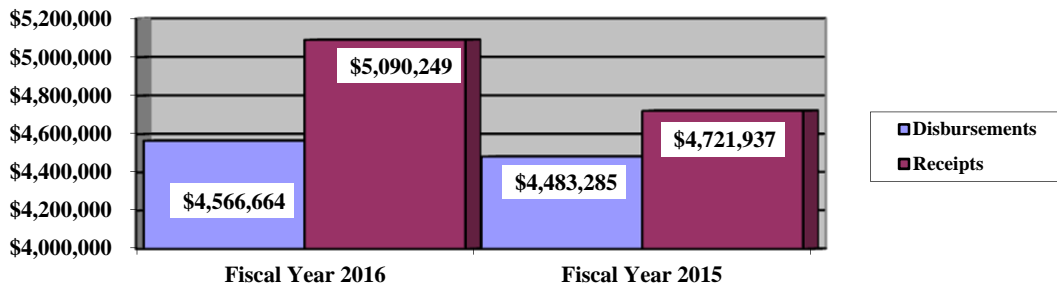
Governmental assets increased by \$523,585 in 2016 from 2015. Total governmental disbursements of \$4,566,664 were offset by program receipts of \$1,037,069 and general receipts of \$4,053,180. Program receipts supported 22.71% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These receipt sources represent 78.61% of total governmental receipts. Real estate property is reappraised every six years.

The largest disbursement of the District is for instructional programs. Instructional disbursements totaled \$2,344,899 or 51.35% of total governmental disbursements for fiscal year 2016.

The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2016 and 2015.

Governmental Activities - Total Receipts vs. Total Disbursements



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

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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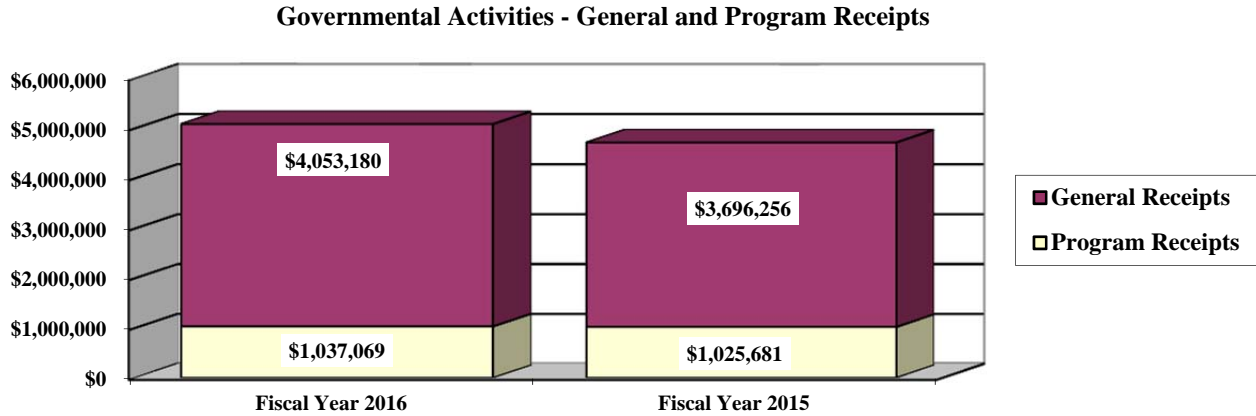
	Governmental Activities			
	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Disbursements:				
Instruction:				
Regular	\$ 1,995,742	\$ 1,490,019	\$ 1,899,298	\$ 1,448,392
Special	268,138	78,096	329,031	100,896
Vocational	21,359	18,931	13,343	11,359
Other	59,660	29,607	57,366	22,471
Support services:				
Pupil	148,728	114,171	136,700	100,223
Instructional staff	194,857	194,857	216,927	216,927
Board of education	202,130	202,130	78,852	78,852
Administration	355,647	355,047	338,882	337,886
Fiscal	231,163	231,163	228,863	228,863
Operations and maintenance	494,916	490,076	490,531	479,905
Pupil transportation	163,816	163,816	257,277	249,918
Other non instructional services	-	-	1,778	1,778
Food service operations	163,947	2,440	154,952	(6,833)
Extracurricular	188,420	81,101	205,455	112,937
Facilities acquisition and construction	10,238	10,238	5,000	5,000
Debt service:				
Principal retirement	55,000	55,000	55,000	55,000
Interest and fiscal charges	12,903	12,903	14,030	14,030
Total	<u>\$ 4,566,664</u>	<u>\$ 3,529,595</u>	<u>\$ 4,483,285</u>	<u>\$ 3,457,604</u>

The dependence upon general receipts for instructional activities is apparent; with 68.94% of disbursements supported through taxes and other general receipts during 2016. For all governmental activities, general receipts support is 77.29%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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(Continued)

The graph below presents the District's governmental activities receipts for fiscal year 2016 and 2015.



The District's Funds

The District's governmental funds reported a combined fund cash balance of \$3,801,046, which is \$527,559 above last year's total of \$3,273,487. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2016 and June 30, 2015, for all major and nonmajor governmental funds.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Change
General	\$ 3,103,982	\$ 2,636,066	\$ 467,916
Classroom facilities maintenance fund	412,459	381,759	30,700
Other governmental funds	<u>284,605</u>	<u>255,662</u>	<u>28,943</u>
Total	<u>\$ 3,801,046</u>	<u>\$ 3,273,487</u>	<u>\$ 527,559</u>

General Fund

The general fund, the District's largest major fund, had total receipts of \$4,620,506 in 2016. The disbursements and other financing uses of the general fund, totaled \$4,152,590 in 2016. The general fund's balance increased \$467,916 or 17.75% from 2015 to 2016.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(Continued)

The table that follows assists in illustrating the receipts of the general fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Receipts:</u>			
Taxes	\$ 1,757,326	\$ 1,647,475	6.67 %
Tuition	518,798	497,193	4.35 %
Earnings on investments	24,654	21,724	13.49 %
Other local revenues	81,920	91,558	(10.53) %
Intergovernmental - State	<u>2,237,808</u>	<u>2,013,566</u>	11.14 %
Total	<u>\$ 4,620,506</u>	<u>\$ 4,271,516</u>	8.17 %

During 2016, earnings on investments increased due to an increase in the amount invested, taxes increased due to the .75% renewal and tuition revenue increased due to an increase in special education tuition. All other revenue remained comparable to 2015.

The table that follows assists in illustrating the disbursements of the general fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Disbursements</u>			
Instruction	\$ 2,171,190	\$ 2,131,993	1.84 %
Support services	1,700,634	1,569,536	8.35 %
Non-instructional services	-	1,478	(100.00) %
Extracurricular	144,860	148,336	(2.34) %
Facilities acquisition and construction	<u>10,238</u>	<u>-</u>	100.00 %
Total	<u>\$ 4,026,922</u>	<u>\$ 3,851,343</u>	4.56 %

Disbursements remained comparable to 2015 with the overall increase of \$175,579 due in part to increases in wages and benefit costs.

Classroom Facilities Maintenance Fund

The classroom facilities maintenance fund had total receipts of \$30,987 in 2016. The disbursements of the classroom facilities maintenance fund, totaled \$287 in 2016. The classroom facilities maintenance fund's balance increased \$30,700 or 8.04% from 2015 to 2016.

Budgeting Highlights - General Fund

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

For the general fund, actual receipts and other financing sources of \$4,617,545 were higher than final budgeted receipts and other financing sources by \$219,606. The final budgeted receipts and other financing sources of \$4,397,939 were the same as the original budgeted amounts of \$4,397,939. The actual budgeted disbursements and other financing uses of \$4,459,880 were \$306,938 lower than the final budgeted disbursements and other financing uses. The final budgeted disbursements and other financing uses of \$4,766,818 were \$464,000 higher than the original amounts.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements; however, the District does track its capital assets through an excel spreadsheet.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2016 and 2015:

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Series 2010 bond refunding	\$ <u>446,291</u>	\$ <u>492,555</u>

Current Financial Related Activities

The District has carefully managed its General Fund in order to optimize the dollars available for educating its students.

The District's local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters on November 2, 2010 and again on November 3, 2015. This levy will expire 12/31/2021. Our district's real estate tax effective rate is 20 mills. Our district is extremely fortunate to have strong support from our local community.

In fiscal year 2016 our district received a significant increase in state funding due to changes implemented in the State's 2016-17 biennial budget. In fiscal year 2015 we received \$1,873,064 in state aid. In fiscal year 2016 we received \$2,083,735. Our state funding has been stagnant since 2003, so this increase was a welcome growth in revenue. As always, we will keep a close eye on the State Legislature for indications on how state funding may change in the future.

In April 2015, two actions were filed in the Seneca County Common Pleas Court with New Riegel Local School as plaintiff. These actions are New Riegel Local School vs. Buehrer Group Architecture and New Riegel Local School vs. Ohio School Facilities Commission. These cases are in regards to building defects in the construction of our K-12 school building. While much investigation and legal work has transpired since then, both cases are still pending.

Our District continues to strive to best utilize the resources available to us. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet the student's desired needs over the next several years. It is always our goal to provide "a quality education in a small school setting".

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Jane A. Schalk, Treasurer, New Riegel Local School District, 44 N. Perry Street, New Riegel, Ohio 44853-0207.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2016

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	<u>\$ 3,819,143</u>
 Net position:	
Restricted for:	
Locally funded programs	\$ 1,014
State funded programs.	600
Student activities	37,035
Classroom facilities maintenance	412,459
Debt service.	106,137
Other purposes	31,339
Unrestricted	<u>3,230,559</u>
 Total net position.	 <u>\$ 3,819,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 1,995,742	\$ 469,803	\$ 35,920	\$ (1,490,019)
Special	268,138	63,623	126,419	(78,096)
Vocational	21,359	-	2,428	(18,931)
Other	59,660	-	30,053	(29,607)
Support services:				
Pupil	148,728	-	34,557	(114,171)
Instructional staff	194,857	-	-	(194,857)
Board of education	202,130	-	-	(202,130)
Administration	355,647	-	600	(355,047)
Fiscal	231,163	-	-	(231,163)
Operations and maintenance	494,916	1,240	3,600	(490,076)
Pupil transportation	163,816	-	-	(163,816)
Operation of non-instructional services:				
Food service operations	163,947	109,095	52,412	(2,440)
Extracurricular activities	188,420	105,346	1,973	(81,101)
Facilities acquisition and construction				
	10,238	-	-	(10,238)
Debt service:				
Principal retirement	55,000	-	-	(55,000)
Interest and fiscal charges	12,903	-	-	(12,903)
Total governmental activities	\$ 4,566,664	\$ 749,107	\$ 287,962	(3,529,595)

General Receipts:

Property taxes levied for:	
General purposes	1,038,937
Special revenue	14,541
Debt service	41,299
School district income tax	718,389
Grants and entitlements not restricted to specific programs	
	2,188,218
Investment earnings	27,383
Miscellaneous	24,413
Total general receipts	4,053,180
Change in net position	523,585
Net position at beginning of year	3,295,558
Net position at end of year	\$ 3,819,143

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,103,982	\$ 412,459	\$ 284,605	\$ 3,801,046
Fund balances:				
Restricted:				
Debt service	\$ -	\$ -	\$ 106,137	\$ 106,137
Classroom facilities maintenance	-	412,459	-	412,459
Food service operations	-	-	31,339	31,339
Extracurricular.	-	-	37,035	37,035
Other purposes.	-	-	1,614	1,614
Committed:				
Termination benefits.	51,964	-	-	51,964
Assigned:				
Student instruction	12,207	-	-	12,207
Student and staff support.	58,762	-	-	58,762
Capital improvements	216,662	-	108,480	325,142
Subsequent year's appropriations	1,468,116	-	-	1,468,116
Public school support	15,775	-	-	15,775
Unassigned	1,280,496	-	-	1,280,496
Total fund balances	<u>\$ 3,103,982</u>	<u>\$ 412,459</u>	<u>\$ 284,605</u>	<u>\$ 3,801,046</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION - CASH BASIS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances	\$ 3,801,046
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Amounts reported for governmental activities on the statement of net position are different because:

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities on the statement of net position.

18,097

Net position of governmental activities	<u>\$ 3,819,143</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Classroom Facilities Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
From local sources:				
Property taxes	\$ 1,038,937	\$ 14,541	\$ 41,299	\$ 1,094,777
Income taxes	718,389	-	-	718,389
Tuition	518,798	-	-	518,798
Charges for services	-	-	109,095	109,095
Earnings on investments	24,654	2,729	170	27,553
Extracurricular	41,709	-	63,637	105,346
Classroom materials and fees	14,628	-	-	14,628
Contributions and donations	352	-	1,973	2,325
Rental income	1,240	-	-	1,240
Other local revenues	23,991	-	70	24,061
Intergovernmental - intermediate	-	-	302	302
Intergovernmental - state	2,237,808	13,717	10,498	2,262,023
Intergovernmental - federal	-	-	211,712	211,712
Total receipts	4,620,506	30,987	438,756	5,090,249
Disbursements:				
Current:				
Instruction:				
Regular	1,912,180	-	59,507	1,971,687
Special	209,244	-	57,389	266,633
Vocational	21,359	-	-	21,359
Other	28,407	-	30,053	58,460
Support services:				
Pupil	110,744	-	37,301	148,045
Instructional staff	194,857	-	-	194,857
Board of education	202,130	-	-	202,130
Administration	352,562	-	686	353,248
Fiscal	228,829	287	847	229,963
Operations and maintenance	458,857	-	34,859	493,716
Pupil transportation	152,655	-	7,429	160,084
Operation of non-instructional services:				
Food service operations	-	-	163,947	163,947
Extracurricular activities	144,860	-	43,560	188,420
Facilities acquisition and construction	10,238	-	-	10,238
Debt service:				
Principal retirement	-	-	55,000	55,000
Interest and fiscal charges	-	-	12,903	12,903
Total disbursements	4,026,922	287	503,481	4,530,690
Excess (deficiency) of receipts over (under) disbursements	593,584	30,700	(64,725)	559,559
Other financing sources (uses):				
Transfers in	-	-	93,068	93,068
Transfers (out)	(125,068)	-	-	(125,068)
Advances in	-	-	600	600
Advances (out)	(600)	-	-	(600)
Total other financing sources (uses)	(125,668)	-	93,668	(32,000)
Net change in fund balances	467,916	30,700	28,943	527,559
Fund balances at beginning of year	2,636,066	381,759	255,662	3,273,487
Fund balances at end of year	\$ 3,103,982	\$ 412,459	\$ 284,605	\$ 3,801,046

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$	527,559
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*Amounts reported for governmental activities in the
statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(3,974)

Change in net position of governmental activities	\$	<u>523,585</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
From local sources:				
Property taxes	\$ 1,023,350	\$ 1,023,350	\$ 1,038,937	\$ 15,587
Income taxes	751,700	751,700	718,389	(33,311)
Tuition	490,700	490,700	518,798	28,098
Earnings on investments	21,700	21,700	24,654	2,954
Extracurricular	10,000	10,000	10,000	-
Classroom materials and fees	15,500	15,500	14,628	(872)
Rental income	800	800	1,240	440
Contributions and donations	200	200	300	100
Other local revenues	53,000	53,000	23,938	(29,062)
Intergovernmental - state	2,030,989	2,030,989	2,237,808	206,819
Total receipts	<u>4,397,939</u>	<u>4,397,939</u>	<u>4,588,692</u>	<u>190,753</u>
Disbursements:				
Current:				
Instruction:				
Regular	1,826,763	2,029,140	1,914,245	114,895
Special	190,907	212,057	213,386	(1,329)
Vocational	26,397	29,321	27,359	1,962
Other	25,648	28,489	28,407	82
Support services:				
Pupil	89,086	98,955	110,744	(11,789)
Instructional staff	211,093	234,479	204,945	29,534
Board of education	248,158	275,650	227,810	47,840
Administration	357,732	397,363	352,577	44,786
Fiscal	189,228	210,192	231,953	(21,761)
Operations and maintenance	571,490	634,802	477,163	157,639
Pupil transportation	153,648	170,670	154,204	16,466
Extracurricular activities	116,314	129,200	115,706	13,494
Facilities acquisition and construction	181,854	202,000	226,900	(24,900)
Total disbursements	<u>4,188,318</u>	<u>4,652,318</u>	<u>4,285,399</u>	<u>366,919</u>
Excess (deficiency) of receipts over (under) disbursements	<u>209,621</u>	<u>(254,379)</u>	<u>303,293</u>	<u>557,672</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	53	53
Transfers in	-	-	28,800	28,800
Transfers (out)	(114,500)	(114,500)	(173,881)	(59,381)
Advances (out)	-	-	(600)	(600)
Total other financing sources (uses)	<u>(114,500)</u>	<u>(114,500)</u>	<u>(145,628)</u>	<u>(31,128)</u>
Net change in fund balance	95,121	(368,879)	157,665	526,544
Fund balance at beginning of year	2,488,129	2,488,129	2,488,129	-
Prior year encumbrances appropriated	102,818	102,818	102,818	-
Fund balance at end of year	<u>\$ 2,686,068</u>	<u>\$ 2,222,068</u>	<u>\$ 2,748,612</u>	<u>\$ 526,544</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CLASSROOM FACILITIES AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
From local sources:				
Property taxes	\$ 14,200	\$ 14,200	\$ 14,541	\$ 341
Earnings on investments	1,300	1,300	2,729	1,429
Intergovernmental - state	13,771	13,771	13,717	(54)
Total receipts	<u>29,271</u>	<u>29,271</u>	<u>30,987</u>	<u>1,716</u>
Disbursements:				
Support Services:				
Fiscal	100	100	287	(187)
Operations and maintenance.	49,000	49,000	-	49,000
Total disbursements	<u>49,100</u>	<u>49,100</u>	<u>287</u>	<u>48,813</u>
 Net change in fund balance	 (19,829)	 (19,829)	 30,700	 50,529
 Fund balance at beginning of year	 <u>381,759</u>	 <u>381,759</u>	 <u>381,759</u>	 <u>-</u>
Fund balance at end of year	<u>\$ 361,930</u>	<u>\$ 361,930</u>	<u>\$ 412,459</u>	<u>\$ 50,529</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
JUNE 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 18,097</u>
Net position:	
Unrestricted.	<u>\$ 18,097</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Operating receipts:	
Charges for services.	\$ 7,319
 Operating disbursements:	
Claims	43,293
Operating (loss)	(35,974)
 Transfer in	32,000
 Change in net position	(3,974)
Net position at beginning of year.	<u>22,071</u>
Net position at end of year	<u>\$ 18,097</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
JUNE 30, 2016

	<u>Agency</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 53,392</u>
Net position:	
Held for student activities	<u>\$ 53,392</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - REPORTING ENTITY

The New Riegel Local School District (the District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. It is staffed by 25 classified employees, 30 certified teaching personnel and 3 administrative employees who provide services to 419 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

A. Primary Government

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

B. Component Units

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

C. Other Organizations

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts 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 NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

committees, and a representative from the fiscal agent. Financial information can be obtained from Matt Bauer, who serves as Controller, 1210 East Bogart Road, Sandusky, Ohio 44870.

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$12,589 during fiscal year 2016 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 1210 East Bogart Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 10.B. for further information on this group rating program.

INSURANCE PURCHASING POOL

Schools of Ohio Risk Sharing Authority

The District also participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of Directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the 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.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

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

Classroom facilities maintenance fund - The classroom facilities maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

D. Budgetary Process

All funds, except agency 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

selected by the Board is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue 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 throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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.

E. Cash and Investments

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

During fiscal year 2016, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2016.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$24,654, which includes \$2,748 assigned from other funds.

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

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
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(Continued)

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

K. Fund Cash Balance

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

L. Net Position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

M. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

N. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB

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(Continued)

Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

B. Compliance

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the general fund and classroom facilities maintenance fund:

Net Change in Fund Balance

	<u>General fund</u>	<u>Classroom Facilities Maintenance</u>
Budget basis	\$ 157,665	\$ 30,700
Funds budgeted elsewhere **	22,620	-
Adjustment for encumbrances	287,631	-
Cash basis	\$ 467,916	\$ 30,700

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund, self-insurance and termination benefits fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

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 may be deposited or invested in the following securities:

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds

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(Continued)

deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all District deposits was \$3,371,851. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2016, \$2,262,135 of the District’s bank balance of \$3,432,872 was exposed to custodial risk as discussed below, while \$1,170,737 was covered by the FDIC.

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

B. Investments

As of June 30, 2016, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 500,684	\$ 500,684

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

Credit Risk: Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The District has no policy dealing with credit risk beyond the requirements of State statute.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2016:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 500,684	100.00

C. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,371,851
Investments	<u>500,684</u>
Total	<u>\$ 3,872,535</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,819,143
Agency funds	<u>53,392</u>
Total	<u>\$ 3,872,535</u>

NOTE 6 - INTERFUND TRANSACTIONS

A. Interfund transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Internal service fund	\$ 32,000
Nonmajor governmental funds	<u>93,068</u>
Total	<u>\$ 125,068</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

B. Advances

Advances for the year ended June 30, 2016, consisted of the following, as reported on the fund financial statements:

<u>Advance to nonmajor governmental funds from:</u>	
General fund	\$ 600

The general fund advanced in and out \$600 during the fiscal year to a nonmajor governmental fund. This advance was repaid once the anticipated revenues were received.

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(Continued)

Advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported in the statement of activities.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on 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 is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2016 (other than public utility property) generally represent the collection of calendar year 2014 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2015 were levied after October 1, 2014 on the value as of December 31, 2014. Amounts paid by multi-county taxpayers were due September 20, 2015. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2015, with the remainder payable by September 20, 2015.

The District receives property taxes from Seneca County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 52,924,180	95.78	\$ 52,809,940	94.73
Public utility personal	<u>2,330,680</u>	<u>4.22</u>	<u>2,938,540</u>	<u>5.27</u>
Total	<u>\$ 55,254,860</u>	<u>100.00</u>	<u>\$ 55,748,480</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$38.60		\$39.10	

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 8 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax was for a period of five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 3, 2015 and will expire December 31, 2021. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Total income tax revenue for fiscal year 2016 equaled \$718,389.

NOTE 9 - LONG-TERM OBLIGATIONS

- A. *Classroom Facilities Improvement Refunding Bonds - Series 2010* - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds mature December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$105,000 current interest term bonds maturing on December 1, 2014, shall bear interest at the rate of 1.80% per year and be subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 to be paid at maturity on December 1, 2014).

The \$115,000 current interest term bonds maturing on December 1, 2016, shall bear interest at the rate of 2.30% per year and be subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2016).

The \$120,000 current interest term bonds maturing on December 1, 2018, shall bear interest at the rate of 2.90% per year and be subject to mandatory sinking fund redemption on December 1, 2017 (Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).

<u>Year (December 1)</u>	<u>Amount</u>
2021	\$ 65,000
2022	65,000

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(Continued)

Principal and interest requirements to retire the classroom facilities improvement refunding bonds at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	<u>Classroom Facilities Improvement Refunding Bonds - Series 2010</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 60,000	\$ 11,580	\$ 71,580	-	-	-
2018	60,000	10,020	70,020	-	-	-
2019	60,000	8,280	68,280	-	-	-
2020	-	7,410	7,410	18,642	41,358	60,000
2021	-	7,410	7,410	16,357	43,643	60,000
2022 - 2024	195,000	11,115	206,115	-	-	-
Total	<u>\$ 375,000</u>	<u>\$ 55,815</u>	<u>\$ 430,815</u>	<u>\$ 34,999</u>	<u>\$ 85,001</u>	<u>\$ 120,000</u>

B. During fiscal year 2016, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2016</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 430,000	\$ -	\$ (55,000)	\$ 375,000	\$ 60,000
Capital appreciation bonds (CABs)	34,999	-	-	34,999	-
Accreted interest on CAB's	27,556	8,736	-	36,292	-
Total long-term obligations, governmental activities	<u>\$ 492,555</u>	<u>\$ 8,736</u>	<u>\$ (55,000)</u>	<u>\$ 446,291</u>	<u>\$ 60,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2016, are a voted debt margin of \$4,713,501 (including available funds of \$106,137) and an unvoted debt margin of \$55,748.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District contracted the following insurance coverage:

Coverage provided by Schools of Ohio Risk Sharing Authority.

Building and Contents - replacement costs (\$500 deductible)	\$22,781,831
<u>Commercial Auto Coverage</u>	
Liability	15,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	10,000
<u>General Liability</u>	
Bodily Injury and Property Damage	15,000,000
Products/Completed Operations	15,000,000
Personal Injury/Advertising Liability	15,000,000
Annual Aggregate	17,000,000
<u>Educators' Legal Liability</u>	
Each Wrongful Act (\$4,000 Deductible)	15,000,000
Annual Aggregate	15,000,000
Employee Benefits Liability	15,000,000

B. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Medical, Vision, and Dental Insurance

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

The District offered vision and dental benefits to all employees through a self-insurance internal service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially measured liability as of June 30 is as follows:

	Amount
Cash and cash equivalents	\$ 18,097
Actuarial liabilities	16,347

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 11 - PENSION PLANS

Net Pension Liability

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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(Continued)

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$70,595 for fiscal year 2016.

Plan Description - State Teachers Retirement System of Ohio (STRS Ohio)

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

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(Continued)

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS Ohio was \$253,112 for fiscal year 2016.

Net Pension Liability

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

	SERS	STRS Ohio	Total
Proportionate share of the net pension liability	\$ 951,269	\$ 4,644,214	\$ 5,595,483
Proportion of the net pension liability	0.01667110%	0.01680429%	

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members

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(Continued)

to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 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 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>	

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

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(Continued)

available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 1,319,068	\$ 951,269	\$ 641,552

Changes Between Measurement Date and Report Date - In April 2016, the SERS Board adopted certain assumptions 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 District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS Ohio

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	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, 2015, 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 Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 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 Ohio's 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.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 6,451,164	\$ 4,644,216	\$ 3,116,169

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with

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(Continued)**

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 portion 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.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$8,956, \$12,425, and \$8,529, respectively. 100 percent has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$18,366, respectively; 100 percent has been contributed for fiscal year 2014.

NOTE 13 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

B. Litigation

The District is involved in no material litigation as defendant.

In April 2015, two actions were filed in the Seneca County Common Pleas Court with New Riegel Local School as plaintiff. These actions are New Riegel Local School vs. Buehrer Group Architecture and New Riegel Local School vs. Ohio School Facilities Commission. These cases are in regards to building defects in the construction of our K-12 school building. While much investigation and legal work has transpired since then, both cases are still pending.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 14 - STATUTORY RESERVES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	67,016
Current year offsets	<u>(75,000)</u>
Total	<u>\$ (7,984)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

NOTE 15 - OTHER COMMITMENTS

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

	Year-End
	<u>Encumbrances</u>
<u>Fund Type</u>	
General fund	\$ 289,546
Other nonmajor governmental	<u>9,827</u>
Total	<u>\$ 299,373</u>

NOTE 16 – SUBSEQUENT EVENTS

To rectify the building defects in the construction of the K-12 school building the District entered into a Certificate of Participation in February 2017 in the net amount of \$3,600,000. On February 13, 2017, the District awarded a bid for the K-12 Remediation Project to John G. Johnson Construction in the amount of \$4,710,000.

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

The management's discussion and analysis of the New Riegel Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net position of the District increased \$238,652 or 7.81% from fiscal year 2014.
- General receipts accounted for \$3,696,256 or 78.28% of total governmental activities receipts. Program specific receipts accounted for \$1,025,681 or 21.72% of total governmental activities receipts.
- The District had \$4,483,285 in disbursements related to governmental activities; \$1,025,681 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$3,696,256 were adequate to provide for these programs.
- The District's major funds are the general fund and the classroom facilities maintenance fund. The general fund, the District's largest major fund, had total receipts of \$4,271,516 in 2015. The disbursements and other financing uses of the general fund, totaled \$3,973,584 in 2015. The general fund's balance increased \$297,932 or 12.74% from 2014 to 2015.
- The classroom facilities maintenance fund had total receipts of \$31,019 in 2015. The disbursements of the classroom facilities maintenance fund, totaled \$230 in 2015. The classroom facilities maintenance fund's balance increased \$30,789 or 8.77% from 2014 to 2015.

Using the Basic Financial Statements

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

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

Basis of Accounting

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2015, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program 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 the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the 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 and income taxes.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the classroom facilities maintenance fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee dental and vision self-insurance.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are an agency fund.

Notes to the Financial Statements

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

The District as a Whole

The table below provides a summary of the District's net position for 2015 and 2014.

	Net Position	
	Governmental Activities 2015	Governmental Activities 2014
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 3,295,532	\$ 3,056,857
Cash with fiscal agent	<u>26</u>	<u>49</u>
Total assets	<u>\$ 3,295,558</u>	<u>\$ 3,056,906</u>
<u>Net Position</u>		
Restricted	\$ 567,250	\$ 574,561
Unrestricted	<u>2,728,308</u>	<u>2,482,345</u>
Total net position	<u>\$ 3,295,558</u>	<u>\$ 3,056,906</u>

The total net position of the District increased \$238,652 which represents a 7.81% increase from fiscal year 2014. The balance of government-wide unrestricted net position of \$2,728,308 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net position for fiscal years 2015 and 2014.

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

	Change in Net Position	
	Governmental Activities 2015	Governmental Activities 2014
	<u>2015</u>	<u>2014</u>
Receipts:		
Program receipts:		
Charges for services and sales	\$ 718,687	\$ 568,315
Operating grants and contributions	<u>306,994</u>	<u>325,808</u>
Total program receipts	<u>1,025,681</u>	<u>894,123</u>
General receipts:		
Property taxes	962,843	813,104
Income tax	726,250	693,265
Unrestricted grants	1,947,931	1,936,343
Investment earnings	24,552	18,816
Other	<u>34,680</u>	<u>51,814</u>
Total general receipts	<u>3,696,256</u>	<u>3,513,342</u>
Total receipts	<u>4,721,937</u>	<u>4,407,465</u>
Disbursements:		
Instruction:		
Regular	1,899,298	1,954,315
Special	329,031	298,130
Vocational	13,343	2,321
Other	57,366	45,516
Support services:		
Pupil	136,700	170,015
Instructional staff	216,927	146,532
Board of education	78,852	34,458
Administration	338,882	342,032
Fiscal	228,863	222,737
Operations and maintenance	490,531	484,647
Pupil transportation	257,277	178,377
Food service operations	154,952	155,556
Other non instructional services	1,778	20,275
Extracurricular	205,455	211,953
Facilities acquisition and construction	5,000	-
Debt service:		
Principal retirement	55,000	50,000
Interest and fiscal charges	<u>14,030</u>	<u>14,975</u>
Total disbursements	<u>4,483,285</u>	<u>4,331,839</u>
Change in net position	238,652	75,626
Net position at beginning of year	<u>3,056,906</u>	<u>2,981,280</u>
Net position at end of year	<u>\$ 3,295,558</u>	<u>\$ 3,056,906</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

Governmental Activities

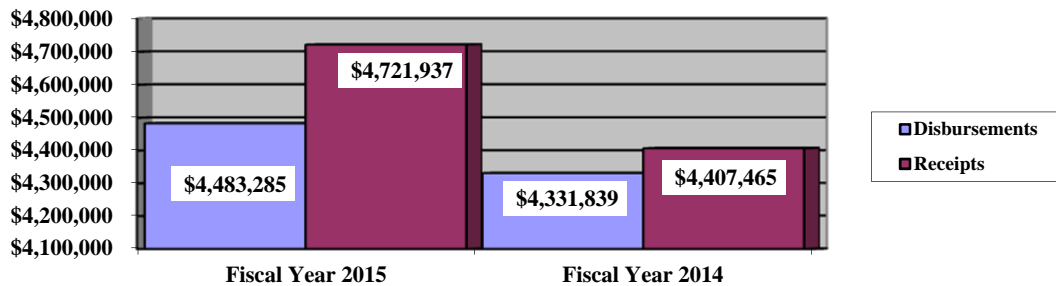
Governmental assets increased by \$238,652 in 2015 from 2014. Total governmental disbursements of \$4,483,285 were offset by program receipts of \$1,025,681 and general receipts of \$3,696,256. Program receipts supported 22.88% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These receipt sources represent 77.02% of total governmental receipts. Real estate property is reappraised every six years.

The largest disbursement of the District is for instructional programs. Instructional disbursements totaled \$2,299,038 or 51.28% of total governmental disbursements for fiscal year 2015.

The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2015 and 2014.

Governmental Activities - Total Receipts vs. Total Disbursements



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

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

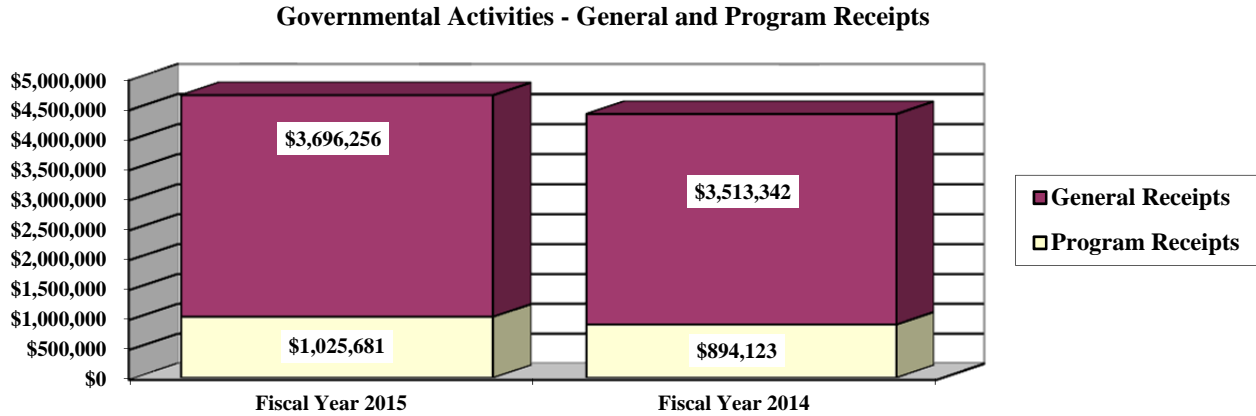
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Disbursements:				
Instruction:				
Regular	\$ 1,899,298	\$ 1,448,392	\$ 1,954,315	\$ 1,616,933
Special	329,031	100,896	298,130	113,025
Vocational	13,343	11,359	2,321	348
Other	57,366	22,471	45,516	8,448
Support services:				
Pupil	136,700	100,223	170,015	105,703
Instructional staff	216,927	216,927	146,532	146,532
Board of education	78,852	78,852	34,458	34,458
Administration	338,882	337,886	342,032	340,616
Fiscal	228,863	228,863	222,737	222,737
Operations and maintenance	490,531	479,905	484,647	480,253
Pupil transportation	257,277	249,918	178,377	178,089
Other non instructional services	1,778	1,778	20,275	20,275
Food service operations	154,952	(6,833)	155,556	(3,265)
Extracurricular	205,455	112,937	211,953	108,589
Facilities acquisition and construction	5,000	5,000	-	-
Debt service:				
Principal retirement	55,000	55,000	50,000	50,000
Interest and fiscal charges	<u>14,030</u>	<u>14,030</u>	<u>14,975</u>	<u>14,975</u>
Total	<u>\$ 4,483,285</u>	<u>\$ 3,457,604</u>	<u>\$ 4,331,839</u>	<u>\$ 3,437,716</u>

The dependence upon general receipts for instructional activities is apparent; with 68.86% of disbursements supported through taxes and other general receipts during 2015. For all governmental activities, general receipts support is 77.12%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

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



The District's Funds

The District's governmental funds reported a combined fund cash balance of \$3,273,487, which is \$234,988 above last year's total of \$3,038,499. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2015 and June 30, 2014, for all major and nonmajor governmental funds.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	Increase/ <u>(Decrease)</u>
General	\$ 2,636,066	\$ 2,338,134	\$ 297,932
Classroom facilities maintenance fund	381,759	350,970	30,789
Other governmental funds	<u>255,662</u>	<u>349,395</u>	<u>(93,733)</u>
Total	<u>\$ 3,273,487</u>	<u>\$ 3,038,499</u>	<u>\$ 234,988</u>

General Fund

The general fund, the District's largest major fund, had total receipts of \$4,271,516 in 2015. The disbursements and other financing uses of the general fund, totaled \$3,973,584 in 2015. The general fund's balance increased \$297,932 or 12.74% from 2014 to 2015.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

The table that follows assists in illustrating the receipts of the general fund.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Receipts:</u>			
Taxes	\$ 1,647,475	\$ 1,466,852	12.31 %
Tuition	497,193	348,256	42.77 %
Earnings on investments	21,724	16,908	28.48 %
Other local revenues	91,558	91,346	0.23 %
Intergovernmental - State	<u>2,013,566</u>	<u>2,002,573</u>	0.55 %
Total	<u>\$ 4,271,516</u>	<u>\$ 3,925,935</u>	8.80 %

During 2015, earnings on investments increased due to an increase in the amount invested and tuition revenue increased due to an increase in special education tuition. All other revenue remained comparable to 2014.

The table that follows assists in illustrating the disbursements of the general fund.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Disbursements</u>			
Instruction	\$ 2,131,993	\$ 2,134,876	(0.14) %
Support services	1,569,536	1,450,354	8.22 %
Non-instructional services	1,478	2,933	(49.61) %
Extracurricular	<u>148,336</u>	<u>152,426</u>	(2.68) %
Total	<u>\$ 3,851,343</u>	<u>\$ 3,740,589</u>	2.96 %

Disbursements remained comparable to 2014 with the overall increase of \$110,754 due in part to increases in wages and benefit costs.

Classroom Facilities Maintenance Fund

The classroom facilities maintenance fund had total receipts of \$31,019 in 2015. The disbursements of the classroom facilities maintenance fund, totaled \$230 in 2015. The classroom facilities maintenance fund's balance increased \$30,789 or 8.77% from 2014 to 2015.

Budgeting Highlights - General Fund

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

For the general fund, actual receipts and other financing sources of \$4,357,080 were higher than final budgeted receipts and other financing sources by \$363,452. The final budgeted receipts and other financing sources of \$3,993,628 were \$137,000 higher than the original budgeted amounts of \$3,856,628. The actual budgeted disbursements and other financing uses of \$4,062,462 were \$56,478 lower than the final budgeted disbursements and other financing uses. The final budgeted disbursements and other financing uses of \$4,118,940 were \$50,000 higher than the original amounts.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements; however, the District does track its capital assets through an excel spreadsheet.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2015 and 2014:

	Governmental Activities 2015	Governmental Activities 2014
Series 2010 bond refunding	\$ 492,555	\$ 539,891

Current Financial Related Activities

The District has carefully managed its general fund in order to optimize the dollars available for educating its students.

The District's local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters on November 2, 2010 which will expire 12/31/2016. The District's real estate tax effective rate is 20 mills. This support from the local community is imperative because of stagnant state funding.

In fiscal year 2015, the District received \$1,873,064 in state aid. An important component of the state aid calculation is enrollment or average daily membership (ADM). The formula ADM decreased from 441 in fiscal year 2003 to 334 in fiscal year 2015. This decrease in resident enrollment caused the District to be funded under state funding guarantees since 2004. In fiscal year 2015, \$364,762 (or 19.5%) of the state funding came from the transitional guarantee. The District is closely watching how the State's 2016-17 biennial budget will affect the District's funding.

In April 2015, there were two actions filed in the Seneca County Common Pleas Court with the District as plaintiff. These actions are New Riegel Local School vs. Buehrer Group Architecture and New Riegel Local School vs. Ohio School Facilities Commission. These cases are in regards to building defects in the construction of the K-12 school building. Both cases are pending.

The District continues to strive to best utilize the resources available. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet the student's desired needs over the next several years. It is always the goal to provide "a quality education in a small school setting".

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Jane A. Schalk, Treasurer, New Riegel Local School District, 44 N. Perry Street, New Riegel, Ohio 44853-0207.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 3,295,532
Cash with fiscal agent	26
Total assets.	\$ 3,295,558
Net position:	
Locally funded programs	\$ 977
Federally funded programs	26
Student activities	22,554
Classroom facilities maintenance	381,759
Debt service.	128,155
Other purposes	33,779
Unrestricted	2,728,308
Total net position.	\$ 3,295,558

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Position Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 1,899,298	\$ 424,323	\$ 26,583	\$ (1,448,392)
Special	329,031	88,503	139,632	(100,896)
Vocational	13,343	-	1,984	(11,359)
Other	57,366	-	34,895	(22,471)
Support services:				
Pupil	136,700	-	36,477	(100,223)
Instructional staff	216,927	-	-	(216,927)
Board of education	78,852	-	-	(78,852)
Administration	338,882	-	996	(337,886)
Fiscal	228,863	-	-	(228,863)
Operations and maintenance	490,531	1,086	9,540	(479,905)
Pupil transportation	257,277	7,036	323	(249,918)
Operation of non-instructional services:				
Other non-instructional services	1,778	-	-	(1,778)
Food service operations	154,952	107,473	54,312	6,833
Extracurricular activities	205,455	90,266	2,252	(112,937)
Facilities acquisition and construction	5,000	-	-	(5,000)
Debt service:				
Principal retirement	55,000	-	-	(55,000)
Interest and fiscal charges	14,030	-	-	(14,030)
Total governmental activities	\$ 4,483,285	\$ 718,687	\$ 306,994	\$ (3,457,604)

General Receipts:	
Property taxes levied for:	
General purposes	921,225
Special revenue	14,203
Debt service	27,415
School district income tax	726,250
Grants and entitlements not restricted	
to specific programs	1,947,931
Investment earnings	24,552
Miscellaneous	34,680
Total general receipts	3,696,256
Change in net position	238,652
Net position at beginning of year	3,056,906
Net position at end of year	\$ 3,295,558

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,636,066	\$ 381,759	\$ 255,636	\$ 3,273,461
Cash with fiscal agent.	-	-	26	26
Total assets	<u>\$ 2,636,066</u>	<u>\$ 381,759</u>	<u>\$ 255,662</u>	<u>\$ 3,273,487</u>
Fund balances:				
Restricted:				
Debt service	\$ -	\$ -	\$ 128,155	\$ 128,155
Classroom facilities maintenance	-	381,759	-	381,759
Food service operations	-	-	33,779	33,779
Extracurricular.	-	-	22,554	22,554
Other purposes.	-	-	1,003	1,003
Committed:				
Termination benefits.	31,951	-	-	31,951
Assigned:				
Student instruction	26,984	-	-	26,984
Student and staff support.	75,834	-	-	75,834
Capital improvements	-	-	70,171	70,171
Subsequent year's appropriations	368,879	-	-	368,879
Public school support	13,168	-	-	13,168
Unassigned	2,119,250	-	-	2,119,250
Total fund balances	<u>\$ 2,636,066</u>	<u>\$ 381,759</u>	<u>\$ 255,662</u>	<u>\$ 3,273,487</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION - CASH BASIS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances	\$ 3,273,487
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Amounts reported for governmental activities on the statement of net position are different because:

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities on the statement of net position.

22,071

Net position of governmental activities	<u>\$ 3,295,558</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Classroom Facilities Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
From local sources:				
Property taxes	\$ 921,225	\$ 14,203	\$ 27,415	\$ 962,843
Income taxes	726,250	-	-	726,250
Tuition	497,193	-	-	497,193
Charges for services	-	-	107,473	107,473
Earnings on investments	21,724	2,828	124	24,676
Extracurricular	41,180	-	56,122	97,302
Classroom materials and fees	15,633	-	-	15,633
Contributions and donations	-	-	2,575	2,575
Rental income	1,086	-	-	1,086
Other local revenues	33,659	-	1,367	35,026
Intergovernmental - intermediate	-	-	6,363	6,363
Intergovernmental - state	2,013,566	13,988	9,389	2,036,943
Intergovernmental - federal	-	-	208,574	208,574
Total receipts	4,271,516	31,019	419,402	4,721,937
Disbursements:				
Current:				
Instruction:				
Regular	1,827,667	-	55,024	1,882,691
Special	269,438	-	58,077	327,515
Vocational	13,343	-	-	13,343
Other	21,545	-	34,895	56,440
Support services:				
Pupil	100,222	-	36,478	136,700
Instructional staff	196,937	-	19,990	216,927
Board of education	78,852	-	-	78,852
Administration	336,033	-	996	337,029
Fiscal	227,263	230	444	227,937
Operations and maintenance	454,594	-	35,011	489,605
Pupil transportation	175,635	-	79,260	254,895
Operation of non-instructional services:				
Other operation of non-instructional	1,478	-	300	1,778
Food service operations	-	-	154,952	154,952
Extracurricular activities	148,336	-	57,119	205,455
Facilities acquisition and construction	-	-	5,000	5,000
Debt service:				
Principal retirement	-	-	55,000	55,000
Interest and fiscal charges	-	-	14,030	14,030
Total disbursements	3,851,343	230	606,576	4,458,149
Excess (deficiency) of receipts over (under) disbursements	420,173	30,789	(187,174)	263,788
Other financing sources (uses):				
Transfers in	-	-	93,441	93,441
Transfers (out)	(122,241)	-	-	(122,241)
Total other financing sources (uses)	(122,241)	-	93,441	(28,800)
Net change in fund balances	297,932	30,789	(93,733)	234,988
Fund balances at beginning of year	2,338,134	350,970	349,395	3,038,499
Fund balances at end of year	\$ 2,636,066	\$ 381,759	\$ 255,662	\$ 3,273,487

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	234,988
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*Amounts reported for governmental activities in the
statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

3,664

Change in net position of governmental activities
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\$	<u>238,652</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
From local sources:				
Property taxes	\$ 750,448	\$ 778,000	\$ 921,225	\$ 143,225
Income taxes	698,843	724,500	726,250	1,750
Tuition	332,747	334,500	497,193	162,693
Earnings on investments	13,987	14,500	21,724	7,224
Extracurricular	2,411	2,500	7,500	5,000
Classroom materials and fees	14,469	15,000	15,633	633
Rental income	965	1,000	1,086	86
Contributions and donations	193	200	-	(200)
Other local revenues	12,540	13,000	11,358	(1,642)
Intergovernmental - state	1,905,025	1,985,428	2,013,566	28,138
Total receipts	<u>3,731,628</u>	<u>3,868,628</u>	<u>4,215,535</u>	<u>346,907</u>
Disbursements:				
Current:				
Instruction:				
Regular	1,934,351	1,958,857	1,812,328	146,529
Special	286,162	289,787	267,929	21,858
Vocational	22,021	22,300	19,064	3,236
Other	17,002	17,217	20,404	(3,187)
Support services:				
Pupil	115,875	117,343	100,222	17,121
Instructional staff	199,990	202,523	221,624	(19,101)
Board of education	26,507	26,843	114,802	(87,959)
Administration	335,034	339,278	333,335	5,943
Fiscal	226,819	229,692	224,981	4,711
Operations and maintenance	478,329	484,388	465,699	18,689
Pupil transportation	187,181	189,552	176,380	13,172
Extracurricular activities	117,669	119,160	115,008	4,152
Total disbursements	<u>3,946,940</u>	<u>3,996,940</u>	<u>3,871,776</u>	<u>125,164</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(215,312)</u>	<u>(128,312)</u>	<u>343,759</u>	<u>472,071</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	10,828	10,828
Transfers in	125,000	125,000	130,717	5,717
Transfers (out)	(122,000)	(122,000)	(190,686)	(68,686)
Total other financing sources (uses)	<u>3,000</u>	<u>3,000</u>	<u>(49,141)</u>	<u>(52,141)</u>
Net change in fund balance	(212,312)	(125,312)	294,618	419,930
Fund balance at beginning of year	2,174,571	2,174,571	2,174,571	-
Prior year encumbrances appropriated . .	18,940	18,940	18,940	-
Fund balance at end of year	<u>\$ 1,981,199</u>	<u>\$ 2,068,199</u>	<u>\$ 2,488,129</u>	<u>\$ 419,930</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CLASSROOM FACILITIES AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
From local sources:				
Property taxes	\$ 14,661	\$ 14,661	\$ 14,203	\$ (458)
Earnings on investments	900	900	2,828	1,928
Intergovernmental - state	13,700	13,700	13,988	288
Total receipts	<u>29,261</u>	<u>29,261</u>	<u>31,019</u>	<u>1,758</u>
Disbursements:				
Current:				
Support Services:				
Fiscal	400	400	230	170
Operations and maintenance.	19,600	19,600	-	19,600
Total disbursements	<u>20,000</u>	<u>20,000</u>	<u>230</u>	<u>19,770</u>
Net change in fund balance	9,261	9,261	30,789	21,528
Fund balance at beginning of year	<u>350,970</u>	<u>350,970</u>	<u>350,970</u>	<u>-</u>
Fund balance at end of year	<u>\$ 360,231</u>	<u>\$ 360,231</u>	<u>\$ 381,759</u>	<u>\$ 21,528</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
JUNE 30, 2015

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 22,071</u>
Net position:	
Unrestricted.	<u>\$ 22,071</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>
Operating receipts:	
Charges for services	\$ 6,168
Operating disbursements:	
Claims	<u>31,304</u>
Operating (loss)	<u>(25,136)</u>
Transfer in	<u>28,800</u>
Change in net position	3,664
Net position at beginning of year.	<u>18,407</u>
Net position at end of year	<u><u>\$ 22,071</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
JUNE 30, 2015

	Agency
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 51,583
	51,583
Net position:	
Held for student activities	\$ 50,608
Held for employee benefits	975
	975
Total net position.	\$ 51,583
	51,583

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

NOTE 1 - REPORTING ENTITY

The New Riegel Local School District (the District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. It is staffed by 25 classified employees, 30 certified teaching personnel and 3 administrative employees who provide services to 331 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

A. Primary Government

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

B. Component Units

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

C. Other Organizations

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts 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 NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

committees, and a representative from the fiscal agent. Financial information can be obtained from Matt Bauer, who serves as Controller, 1210 East Bogart Road, Sandusky, Ohio 44870.

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$26,441 during fiscal year 2015 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 1210 East Bogart Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 10.B. for further information on this group rating program.

INSURANCE PURCHASING POOL

Schools of Ohio Risk Sharing Authority

The District also participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of Directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the 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.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

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

Classroom facilities maintenance fund - The classroom facilities maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

D. Budgetary Process

All funds, except agency 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

selected by the Board is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue 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 throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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.

E. Cash and Investments

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$21,724, which includes \$2,699 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 5.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

K. Fund Cash Balance

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

L. Net Position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

M. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

N. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 effected the District's pension plan disclosures, as presented in Note 11 to the financial statements, and added required supplementary information which is presented on pages 49 – 53.

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

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 68 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets and deferred outflows, liabilities and deferred inflows, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the general fund and classroom facilities maintenance fund:

Net Change in Fund Balance

	<u>General fund</u>	Classroom Facilities <u>Maintenance</u>
Budget basis	\$ 294,618	\$ 30,789
Funds budgeted elsewhere **	(99,504)	-
Adjustment for encumbrances	<u>102,818</u>	<u>-</u>
Cash basis	<u>\$ 297,932</u>	<u>\$ 30,789</u>

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund, self insurance and termination benefits fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

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

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

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

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

A. Cash with Fiscal Agent

The District had \$26 in cash held by the North Central Ohio Educational Service Center which is included on the financial statements as "cash with fiscal agents". The Educational Service Center holds this flow through grant money for the District along with that of other school districts and therefore is not included in the cash balances below.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$3,347,115. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, \$2,009,898 of the District’s bank balance of \$3,417,528 was exposed to custodial risk as discussed below, while \$1,407,630 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, the District had no investments.

D. Reconciliation of Cash to the Statement of Net Position

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,347,115
Cash with fiscal agent	<u>26</u>
Total	<u>\$ 3,347,141</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,295,558
Agency funds	<u>51,583</u>
Total	<u>\$ 3,347,141</u>

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 93,441
Internal service fund	<u>28,800</u>
Total	<u>\$ 122,241</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

NOTE 7 - PROPERTY TAXES

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

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

Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2015 (other than public utility property) generally represent the collection of calendar year 2013 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2014 were levied after October 1, 2013 on the value as of December 31, 2013. Amounts paid by multi-county taxpayers were due September 20, 2014. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2014, with the remainder payable by September 20, 2014.

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

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

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	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 39,260,320	94.48	\$ 52,924,180	95.78
Public utility personal	<u>2,293,010</u>	<u>5.52</u>	<u>2,330,680</u>	<u>4.22</u>
Total	<u>\$ 41,553,330</u>	<u>100.00</u>	<u>\$ 55,254,860</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$38.70		\$38.60	

NOTE 8 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax was for a period of five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 2, 2011 and will expire December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Total income tax revenue for fiscal year 2015 equaled \$726,250.

NOTE 9 - LONG-TERM OBLIGATIONS

- A. Classroom Facilities Improvement Refunding Bonds - Series 2010 - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds mature December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$105,000 current interest term bonds maturing on December 1, 2014, shall bear interest at the rate of 1.80% per year and be subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 to be paid at maturity on December 1, 2014).

The \$115,000 current interest term bonds maturing on December 1, 2016, shall bear interest at the rate of 2.30% per year and be subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2016).

The \$120,000 current interest term bonds maturing on December 1, 2018, shall bear interest at the rate of 2.90% per year and be subject to mandatory sinking fund redemption on December 1, 2017

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(Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).

<u>Year (December 1)</u>	<u>Amount</u>
2021	\$ 65,000
2022	65,000

Principal and interest requirements to retire the classroom facilities improvement refunding bonds at June 30, 2015 are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Classroom Facilities Improvement Refunding Bonds - Series 2010</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 55,000	\$ 12,903	\$ 67,903	-	-	-
2017	60,000	11,580	71,580	-	-	-
2018	60,000	10,020	70,020	-	-	-
2019	60,000	8,280	68,280	-	-	-
2020	-	7,410	7,410	18,642	41,358	60,000
2021 - 2024	<u>195,000</u>	<u>18,525</u>	<u>213,525</u>	<u>16,357</u>	<u>43,643</u>	<u>60,000</u>
Total	<u>\$ 430,000</u>	<u>\$ 68,718</u>	<u>\$ 498,718</u>	<u>\$ 34,999</u>	<u>\$ 85,001</u>	<u>\$ 120,000</u>

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

	Balance Outstanding <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2015</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 485,000	\$ -	\$ (55,000)	\$ 430,000	\$ 55,000
Capital appreciation bonds (CABs)	34,999	-	-	34,999	-
Accreted interest on CAB's	<u>19,892</u>	<u>7,664</u>	<u>-</u>	<u>27,556</u>	<u>-</u>
Total long-term obligations, governmental activities	<u>\$ 539,891</u>	<u>\$ 7,664</u>	<u>\$ (55,000)</u>	<u>\$ 492,555</u>	<u>\$ 55,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the

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District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$4,636,093 (including available funds of \$128,155) and an unvoted debt margin of \$55,255.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District contracted the following insurance coverage:

Coverage provided by Schools of Ohio Risk Sharing Authority.

Building and Contents - replacement costs (\$500 deductible)	\$22,781,831
<u>Commercial Auto Coverage</u>	
Liability	15,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	10,000
<u>General Liability</u>	
Bodily Injury and Property Damage	15,000,000
Products/Completed Operations	15,000,000
Personal Injury/Advertising Liability	15,000,000
Annual Aggregate	17,000,000
<u>Educators' Legal Liability</u>	
Each Wrongful Act (\$5,000 Deductible)	15,000,000
Annual Aggregate	15,000,000
Employee Benefits Liability	15,000,000

B. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Medical, Vision, and Dental Insurance

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

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The District offered vision and dental benefits to all employees through a self-insurance internal service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially measured liability as of June 30 is as follows:

	Amount
Cash and cash equivalents	\$ 22,071
Actuarial liabilities	15,147

NOTE 11 - PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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,

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District's contractually required contribution to SERS was \$62,435 for fiscal year 2015.

Plan Description - State Teachers Retirement System of Ohio (STRS Ohio)

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

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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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

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

The District's contractually required contribution to STRS Ohio was \$253,072 for fiscal year 2015.

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the

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pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS Ohio	Total
Proportionate share of the net pension liability	\$ 822,555	\$ 4,196,366	\$ 5,018,921
Proportion of the net pension liability	0.01653000%	0.01725234%	

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

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

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

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

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expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$1,173,542	\$822,555	\$527,345

Changes Between Measurement Date and Report Date - In April 2016, the SERS Board adopted certain assumptions changes which impacted their annual actuarial valuation prepared. 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 District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS Ohio

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:

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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 Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

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

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

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$6,007,556	\$4,196,366	\$2,664,709

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B 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. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the actuarially determined amount was \$20,450.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014 and 2013 were \$12,425, \$8,529 and \$7,436, respectively; 92.47 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$3,645, \$3,480 and \$3,290, respectively; 92.47 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$18,366 and \$17,674, respectively; 100 percent has been contributed for fiscal years 2014 and 2013.

NOTE 13 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as defendant.

In April 2015, two actions were filed in the Seneca County Common Pleas Court with New Riegel Local School as plaintiff. These actions are New Riegel Local School vs. Buehrer Group Architecture and New Riegel Local School vs. Ohio School Facilities Commission. These cases are in regards to building defects in the construction of our K-12 school building. While much investigation and legal work has transpired since then, both cases are still pending.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA COUNTY, OHIO**

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

date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; the financial statement impact is a receivable of \$1,053.

NOTE 14 - STATUTORY RESERVES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	61,515
Current year offsets	<u>(75,000)</u>
Total	<u>\$ (13,485)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

NOTE 15 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund Type</u>	
General fund	\$ 103,227
Other nonmajor governmental	<u>9,561</u>
Total	<u>\$ 112,788</u>

NOTE 16 – SUBSEQUENT EVENTS

To rectify the building defects in the construction of the K-12 school building the District entered into a Certificate of Participation in February 2017 in the net amount of \$3,600,000. On February 13, 2017, the District awarded a bid for the K-12 Remediation Project to John G. Johnson Construction in the amount of \$4,710,000.

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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

New Riegel Local School District
Seneca County
44 North Perry Street
New Riegel, Ohio 44853-0207

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 22, 2017, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

May 22, 2017

NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA 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

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

As a cost savings measure, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

Officials' Response

The Board feels they are saving the tax payers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on changing from reporting OCBOA GASB 34 look alike financial statements.

FINDING NUMBER 2016-002

Material Weakness

Financial Reporting

The District's management is responsible for the fair presentation of the financial statements. Errors were noted in the budgetary financial statements, resulting in the following adjustments:

- General Fund Budgeted Tuition receipts were classified as Intergovernmental (FY2015 - \$285,000; FY2016 - \$429,200).
- General Fund Actual Tuition receipts were classified as Intergovernmental on the budgetary statement (FY2015 - \$408,690; FY2016 - \$455,175).

- Classroom Facilities and Maintenance Fund budgeted disbursements, in FY2016, for the Support Services Fiscal were understated by \$560 and Support Services Operations and Maintenance were overstated by \$560.

These errors were a result of inadequate policies and procedures over reviewing the budgetary financial statements. Failure to prepare accurate budgetary information could lead to the Board making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

To help ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions.

Officials' Response

We will inform our conversion team to classify the tuition receipts on the budgetary statements as shown on the financial statements. And the Classroom Facilities and Maintenance Fund budgeted amounts to agree to our accounting system.

**NEW RIEGEL LOCAL SCHOOL DISTRICT
SENECA 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) for reporting on a basis other than generally accepted accounting principles.	Not Corrected. Repeated in this report as finding 2016-001.	The Board feels they are saving the tax payers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on changing from reporting OCBOA GASB 34 look alike financial statements.
2014-002	Material weakness due to errors over financial reporting.	Partially corrected. Repeated in this report as finding 2016-002.	This was missed during the conversion. The District will inform the conversion team to classify the tuition receipts on the budgetary statements as shown on the financial statements.

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NEW RIEGEL LOCAL SCHOOL DISTRICT

SENECA 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
JUNE 6, 2017**