



Dave Yost • Auditor of State

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities ..	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	23
Notes to the Basic Financial Statements	25
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability.....	59
Schedule of the School District Contributions.....	62
Schedule of Federal Awards Receipts and Expenditures.....	67
Notes to the Schedule of Federal Awards Receipts and Expenditures	68
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	69

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	71
Schedule of Findings – OMB Circular A-133 § .505.....	73



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ironton City School District
Lawrence County
105 South 5th Street
Ironton, Ohio 45638

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Notes 3 and 12 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016

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Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

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

Financial Highlights

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

- Net Position of governmental activities decreased \$312,340, as expenditures continue to outpace revenues.
- General revenues accounted for \$13,062,810 or 76.1 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,113,389 or 23.9 percent of total revenues of \$17,176,199.
- The School District had \$17,488,539 in expenses related to governmental activities; \$4,113,389 of these expenses was offset by program specific charges for services and sales, grants, and contributions. General revenues of \$13,062,810 were not adequate to cover the remaining expenses.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

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

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

Fiduciary Funds The School District's fiduciary funds are a private purpose trust fund and an agency fund. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities		
	2015	2014 *	Change
Assets			
Current and Other Assets	\$9,701,701	\$10,298,565	(\$596,864)
Capital Assets	43,960,620	44,739,799	(779,179)
Total Assets	<u>53,662,321</u>	<u>55,038,364</u>	<u>(1,376,043)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,483,200	1,557,360	(74,160)
Pension	1,246,732	1,012,685	234,047
Total Deferred Outflows	<u>2,729,932</u>	<u>2,570,045</u>	<u>159,887</u>
Liabilities			
Other Liabilities	2,262,866	1,905,333	357,533
Long-term Liabilities:			
Due Within One Year	633,403	629,746	3,657
Due In More Than One Year:			
Net Pension Liability	16,893,837	20,067,116	(3,173,279)
Other Amounts	16,950,336	18,032,155	(1,081,819)
Total Liabilities	<u>36,740,442</u>	<u>40,634,350</u>	<u>(3,893,908)</u>
Deferred Inflows of Resources			
Property Taxes	2,973,050	3,028,810	(55,760)
Pension	3,045,852	0	3,045,852
	<u>6,018,902</u>	<u>3,028,810</u>	<u>2,990,092</u>
Net Position			
Net Investment in Capital Assets	28,516,691	28,649,731	(133,040)
Restricted	2,230,348	2,943,983	(713,635)
Unrestricted	(17,114,130)	(17,648,465)	534,335
Total Net Position	<u>\$13,632,909</u>	<u>\$13,945,249</u>	<u>(\$312,340)</u>

* - As Restated (see Note 3 to the basic financial statements)

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

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

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

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

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

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

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

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating total net position at June 30, 2014, from \$34,139,727 to \$13,945,249.

Total assets decreased \$1,376,043, primarily due to decreases in capital assets due to depreciation and a decrease in intergovernmental receivable of \$568,395.

Total liabilities decreased \$3,893,908 primarily due to the net pension liability and the repayment of debt.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2015, and comparisons to fiscal year 2014.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

Table 2
Changes in Net Position

	Governmental Activities		
	2015	2014 *	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,178,138	\$1,730,948	\$447,190
Operating Grants and Contributions	1,537,405	2,284,333	(746,928)
Capital Grants and Contributions	397,846	3,320	394,526
Total Program Revenues	4,113,389	4,018,601	94,788
General Revenues			
Property Taxes	3,751,770	3,693,392	58,378
Grants and Entitlements	9,125,730	9,283,263	(157,533)
Investment Earnings	11,323	11,217	106
Miscellaneous	173,987	142,780	31,207
Total General Revenues	13,062,810	13,130,652	(67,842)
Total Revenues	17,176,199	17,149,253	26,946
Program Expenses			
Instruction:			
Regular	7,381,839	7,742,774	(360,935)
Special	2,193,229	1,744,251	448,978
Vocational	244,714	279,755	(35,041)
Intervention	236,288	317,426	(81,138)
Support Services:			
Pupils	641,620	772,201	(130,581)
Instructional Staff	89,126	89,560	(434)
Board of Education	280,401	286,032	(5,631)
Administration	896,463	982,334	(85,871)
Fiscal	784,389	638,899	145,490
Operation and Maintenance of Plant	1,599,615	1,740,125	(140,510)
Pupil Transportation	694,834	734,461	(39,627)
Central	107,110	114,682	(7,572)
Operation of Non-Instructional Services:			
Food Service Operations	621,868	638,839	(16,971)
Community Services	151,569	205,223	(53,654)
Other	304,371	0	304,371
Extracurricular Activities	666,734	631,150	35,584
Interest and Fiscal Charges	594,369	592,840	1,529
Total Expenses	17,488,539	17,510,552	(22,013)
Decrease in Net Position	(312,340)	(361,299)	48,959
Net Position at Beginning of Year	13,945,249	N/A	
Net Position at End of Year	\$13,632,909	\$13,945,249	(\$312,340)

* - As Restated (see Note 3 to the basic financial statements)

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

The information necessary to restate the fiscal year 2014 beginning balances and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of \$1,072,259 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the fiscal year 2015 statements report pension expense of \$726,530. Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$17,488,539
Pension expense under GASB 68	(726,530)
2015 contractually required contribution	<u>1,088,004</u>
Adjusted 2015 program expenses	17,850,013
Total 2014 program expenses under GASB 27	<u>17,510,552</u>
Increase in program expenses not related to pension	<u><u>\$339,461</u></u>

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
Program Expenses				
Instruction:				
Regular	\$7,381,839	\$5,346,210	\$7,742,774	\$5,780,253
Special	2,193,229	1,890,301	1,744,251	1,020,259
Vocational	244,714	199,807	279,755	237,157
Student Intervention Services	236,288	236,288	317,426	317,426
Support Services:				
Pupils	641,620	502,687	772,201	667,046
Instructional Staff	89,126	89,126	89,560	89,560
Board of Education	280,401	275,001	286,032	280,632
Administration	896,463	896,339	982,334	981,315
Fiscal	784,389	769,775	638,899	604,756
Operation and Maintenance of Plant	1,599,615	1,451,694	1,740,125	1,681,660
Pupil Transportation	694,834	689,673	734,461	733,524
Central	107,110	107,110	114,682	114,682
Operation of Non-Instructional Services:				
Food Service Operations	621,868	36,893	638,839	(34,604)
Community Services	151,569	(21,989)	205,223	31,076
Other	304,371	304,371	0	0
Extracurricular Activities	666,734	7,495	631,150	394,369
Interest and Fiscal Charges	594,369	594,369	592,840	592,840
Total	\$17,488,539	\$13,375,150	\$17,510,552	\$13,491,951

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 76.5 percent of all School District activities are supported through taxes and other general revenues.

The School District Funds

The School District has two major funds: the General Fund and the Bond Retirement Fund. The General Fund had \$13,619,425 in revenues and \$13,717,524 in expenditures. The General Fund's balance decreased \$98,099. The Bond Retirement Fund had \$1,260,386 in revenues and \$1,180,494 in expenditures. The Bond Retirement Fund's balance increased \$79,892.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

For the General Fund, final estimated revenues were \$13,527,734, above original estimates of \$12,801,190. This difference was due to conservative estimates for all revenue types at the beginning of the fiscal year. Also, final estimated expenditures were \$13,627,783, less than original estimates of \$12,870,865.

The School District's ending unobligated General Fund balance was \$3,092,819.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$43,960,620 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

Table 4
Capital Assets
(Net of Depreciation)

	2015	2014
Land	\$471,255	\$471,255
Land Improvements	4,952,859	4,619,512
Buildings and Improvements	38,034,933	39,066,698
Furniture and Equipment	436,929	500,742
Vehicles	64,644	81,592
Totals	<u>\$43,960,620</u>	<u>\$44,739,799</u>

See Note 9 for more information on Capital Assets.

Debt

At June 30, 2015, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	2015	2014
2006 School Facilities Construction and Improvement Bonds, 4.0-5.0%	\$4,881,115	\$5,287,245
2010 School Facilities Construction and Improvement Bonds, 2.0-5.0%	3,011,808	3,018,154
2013 Refunding Bonds, 1.00-3.25%	9,391,546	9,600,477

See Note 14 for more information on debt.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2015

Unaudited

Economic Factors

The School District depends on the State School Foundation Program. Revenues from the State School Foundation program accounts for \$8,462,192 or 49.3 percent of total revenues of \$17,176,199. The School District must monitor its current spending levels in order to continue to stay within its revenues. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Wade, Treasurer at Ironton City School District, 105 South Fifth Street, Ironton, Ohio 45638.

Ironton City School District, Ohio

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,593,172
Accounts Receivable	30,600
Intergovernmental Receivable	426,869
Materials and Supplies Inventory	1,743
Inventory Held for Resale	1,250
Property Taxes Receivable	3,648,067
Nondepreciable Capital Assets	471,255
Depreciable Capital Assets, Net	<u>43,489,365</u>
<i>Total Assets</i>	<u>53,662,321</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,483,200
Pension	<u>1,246,732</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,729,932</u>
Liabilities	
Accounts Payable	17,928
Accrued Wages and Benefits Payable	1,311,402
Accrued Interest Payable	46,182
Vacation Benefits Payable	55,822
Matured Compensated Absences Payable	28,705
Intergovernmental Payable	802,827
Long-Term Liabilities:	
Due within One Year	633,403
Due in More than One Year:	
Net Pension Liability (See Note 12)	16,893,837
Other Amounts Due in More Than One Year	<u>16,950,336</u>
<i>Total Liabilities</i>	<u>36,740,442</u>
Deferred Inflow of Resources	
Property Taxes	2,973,050
Pension	<u>3,045,852</u>
<i>Total Deferred Inflows of Resources</i>	6,018,902
Net Position	
Net Investment in Capital Assets	28,516,691
Restricted for:	
Debt Service	1,040,631
Capital Projects	621,429
Other Purposes	550,737
Unclaimed Monies	17,551
Unrestricted	<u>(17,114,130)</u>
<i>Total Net Position</i>	<u>\$13,632,909</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2015

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					Governmental Activities
Instruction:					
Regular	\$7,381,839	\$1,795,223	\$240,406	\$0	(\$5,346,210)
Special	2,193,229	0	302,928	0	(1,890,301)
Vocational	244,714	0	44,907	0	(199,807)
Student Intervention Services	236,288	0	0	0	(236,288)
Support Services:					
Pupils	641,620	0	138,933	0	(502,687)
Instructional Staff	89,126	0	0	0	(89,126)
Board of Education	280,401	0	5,400	0	(275,001)
Administration	896,463	0	124	0	(896,339)
Fiscal	784,389	0	14,614	0	(769,775)
Operation and Maintenance of Plant	1,599,615	6,208	138,927	2,786	(1,451,694)
Pupil Transportation	694,834	0	5,161	0	(689,673)
Central	107,110	0	0	0	(107,110)
Operation of Non-Instructional Services:					
Food Service Operations	621,868	112,528	472,447	0	(36,893)
Community Services	151,569	0	173,558	0	21,989
Other	304,371	0	0	0	(304,371)
Extracurricular Activities	666,734	264,179	0	395,060	(7,495)
Interest and Fiscal Charges	594,369	0	0	0	(594,369)
Totals	<u>\$17,488,539</u>	<u>\$2,178,138</u>	<u>\$1,537,405</u>	<u>\$397,846</u>	<u>(13,375,150)</u>

General Revenues

Property Taxes Levied for:

General Purposes	2,638,108
Debt Service	1,058,523
Classroom Facilities Maintenance	55,139
Grants and Entitlements not Restricted to Specific Programs	9,125,730
Investment Earnings	11,323
Miscellaneous	173,987

Total General Revenues 13,062,810

Change in Net Position (312,340)

Net Position at Beginning of Year - Restated (See Note 3) 13,945,249

Net Position at End of Year \$13,632,909

See accompanying notes to the basic financial statements

Ironton City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,175,199	\$1,045,135	\$1,355,287	\$5,575,621
Receivables:				
Property Taxes	2,563,867	1,030,829	53,371	3,648,067
Accounts	0	0	30,600	30,600
Intergovernmental	0	0	426,869	426,869
Interfund	7,966	0	0	7,966
Materials and Supplies Inventory	0	0	1,743	1,743
Inventory Held for Resale	0	0	1,250	1,250
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	17,551	0	0	17,551
Total Assets	\$5,764,583	\$2,075,964	\$1,869,120	\$9,709,667
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$11,728	\$0	\$6,200	\$17,928
Accrued Wages and Benefits Payable	1,092,437	0	218,965	1,311,402
Matured Compensated Absences Payable	28,705	0	0	28,705
Interfund Payable	0	0	7,966	7,966
Intergovernmental Payable	432,337	0	370,490	802,827
Total Liabilities	1,565,207	0	603,621	2,168,828
Deferred Inflows of Resources				
Property Taxes	2,090,952	838,563	43,535	2,973,050
Unavailable Revenue	274,890	111,741	432,556	819,187
<i>Total Deferred Inflows of Resources</i>	<i>2,365,842</i>	<i>950,304</i>	<i>476,091</i>	<i>3,792,237</i>
Fund Balances				
Nonspendable				
Inventories	0	0	1,743	1,743
Unclaimed Monies	17,551	0	0	17,551
Restricted for:				
Food Service Operations	0	0	2,744	2,744
Athletics and Music	0	0	38,220	38,220
Facilities Maintenance	0	0	99,907	99,907
Local Grant Expenditures	0	0	27,282	27,282
State Grant Expenditures	0	0	80,095	80,095
Federal Grant Expenditures	0	0	27,428	27,428
Debt Service Expenditures	0	1,125,660	0	1,125,660
Capital Improvements	0	0	621,429	621,429
Assigned	770,594	0	0	770,594
Unassigned (Deficits)	1,045,389	0	(109,440)	935,949
Total Fund Balances	1,833,534	1,125,660	789,408	3,748,602
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<i>\$5,764,583</i>	<i>\$2,075,964</i>	<i>\$1,869,120</i>	<i>\$9,709,667</i>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2015*

Total Governmental Fund Balances		\$3,748,602
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,960,620
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	392,318	
Grants	426,869	819,187
Deferred Outflows of Resources represent deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds.		1,483,200
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,246,732	
Deferred Inflows - Pension	(3,045,852)	
Net Pension Liability	(16,893,837)	(18,692,957)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
2006 School Construction Bonds	(4,881,115)	
2010 School Construction Bonds	(3,011,808)	
Refunding Bonds	(9,391,546)	
Accrued Interest Payable	(46,182)	
Sick Leave Benefits Payable	(299,270)	
Vacation Benefits Payable	(55,822)	(17,685,743)
Net Position of Governmental Activities		\$13,632,909

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,683,841	\$1,077,690	\$56,093	\$3,817,624
Intergovernmental	9,008,416	182,696	2,040,418	11,231,530
Investment Earnings	9,809	0	1,514	11,323
Tuition and Fees	1,739,461	0	0	1,739,461
Charges for Services	0	0	112,528	112,528
Extracurricular	55,762	0	264,179	319,941
Rent	6,208	0	0	6,208
Donations	0	0	2,786	2,786
Miscellaneous	115,928	0	58,059	173,987
<i>Total Revenues</i>	<u>13,619,425</u>	<u>1,260,386</u>	<u>2,535,577</u>	<u>17,415,388</u>
Expenditures				
Current:				
Instruction:				
Regular	5,971,063	0	375,333	6,346,396
Special	1,548,567	0	769,553	2,318,120
Vocational	250,473	0	0	250,473
Student Intervention Services	236,288	0	0	236,288
Support Services:				
Pupils	547,589	0	164,376	711,965
Instructional Staff	113,317	0	0	113,317
Board of Education	280,939	0	0	280,939
Administration	1,018,717	0	802	1,019,519
Fiscal	722,580	37,391	31,358	791,329
Operation and Maintenance of Plant	1,868,977	0	86,289	1,955,266
Pupil Transportation	694,054	0	0	694,054
Central	111,031	0	0	111,031
Operation of Non-Instructional Services:				
Food Service Operations	0	0	615,197	615,197
Community Services	0	0	176,610	176,610
Other	0	0	304,371	304,371
Extracurricular Activities	353,929	0	273,999	627,928
Capital Outlay	0	0	10,000	10,000
Debt Service:				
Principal Retirement	0	580,000	0	580,000
Interest and Fiscal Charges	0	563,103	0	563,103
<i>Total Expenditures</i>	<u>13,717,524</u>	<u>1,180,494</u>	<u>2,807,888</u>	<u>17,705,906</u>
<i>Net Change in Fund Balance</i>	(98,099)	79,892	(272,311)	(290,518)
<i>Fund Balances at Beginning of Year</i>	<u>1,931,633</u>	<u>1,045,768</u>	<u>1,061,719</u>	<u>4,039,120</u>
<i>Fund Balances at End of Year</i>	<u>\$1,833,534</u>	<u>\$1,125,660</u>	<u>\$789,408</u>	<u>\$3,748,602</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds (\$290,518)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:

Capital Asset Additions	360,640	
Depreciation Expense	<u>(1,533,384)</u>	(1,172,744)

Capital Contributions of assets that are not reported in the funds but are additions to the funds on the entity-wide statements. 395,060

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets		(1,495)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	(568,395)	
Delinquent Taxes	<u>(65,854)</u>	(634,249)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 580,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Accretion of Capital Appreciation Bonds	(109,482)	
Accrued Interest Payable	1,487	
Amortization of Discount	(7,682)	
Amortization of Premium	158,571	
Amortization of Deferred Amount on Refunding	<u>(74,160)</u>	(31,266)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,088,004

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (726,530)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	24,643	
Sick Leave Benefits Payable	<u>456,755</u>	<u>481,398</u>

Change in Net Position of Governmental Activities (\$312,340)

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,260,689	\$2,649,253	\$2,649,253	\$0
Intergovernmental	9,150,759	9,008,416	9,008,416	0
Investment Earnings	9,682	9,803	9,803	0
Tuition and Fees	1,250,068	1,738,526	1,738,526	0
Rent	15,000	6,208	6,208	0
Miscellaneous	114,992	115,528	115,528	0
<i>Total Revenues</i>	<u>12,801,190</u>	<u>13,527,734</u>	<u>13,527,734</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	5,784,526	5,821,849	5,821,849	0
Special	996,849	1,555,290	1,555,290	0
Vocational	260,156	253,451	253,451	0
Student Intervention Services	323,775	236,288	236,288	0
Support Services:				
Pupils	644,855	557,763	557,763	0
Instructional Staff	120,940	115,180	115,180	0
Board of Education	287,835	284,575	284,575	0
Administration	1,007,196	1,005,266	1,005,266	0
Fiscal	581,501	725,326	725,326	0
Operation and Maintenance of Plant	1,681,029	1,900,170	1,900,170	0
Pupil Transportation	709,231	705,154	705,154	0
Central	118,044	112,659	112,659	0
Extracurricular Activities	354,928	354,812	354,812	0
<i>Total Expenditures</i>	<u>12,870,865</u>	<u>13,627,783</u>	<u>13,627,783</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(69,675)</u>	<u>(100,049)</u>	<u>(100,049)</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	75,000	75,000	75,000	0
Advances Out	(76,500)	(7,966)	(7,966)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,500)</u>	<u>67,034</u>	<u>67,034</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(71,175)</u>	<u>(33,015)</u>	<u>(33,015)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	3,026,253	3,026,253	3,026,253	0
Prior Year Encumbrances Appropriated	99,581	99,581	99,581	0
<i>Fund Balance at End of Year</i>	<u>\$3,054,659</u>	<u>\$3,092,819</u>	<u>\$3,092,819</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Private- Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$80,648	\$55,371
Liabilities		
Due to Students	0	\$55,371
Net Position		
Restricted for Endowments	53,358	
Held in Trust for Scholarships	27,290	
<i>Total Net Position</i>	\$80,648	

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2015

Additions	
Gifts and Contributions	\$5,500
Interest	<u>152</u>
Total Additions	5,652
Deductions	
Scholarships	<u>5,500</u>
<i>Change in Net Position</i>	152
<i>Net Position at Beginning of Year</i>	<u>80,496</u>
<i>Net Position at End of Year</i>	<u><u>\$80,648</u></u>

See accompanying notes to the basic financial statements

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Ironton City School District, Ohio

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

Note 1 - Description of the School District and Reporting Entity

Ironton City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's three instructional/support facilities staffed by 74 classified employees, 111 certified teaching personnel, and five administrators who provide services to 1,462 students and other community members.

Reporting Entity

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

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

The following activities are included within the reporting entity:

Parochial Schools Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in four jointly governed organizations and three insurance purchasing pools. These organizations are the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), the Lawrence County Joint Vocational School District, the Lawrence County Academy, the Educational Regional Service System (ERSS) Region 15, the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Ironton City School District, Ohio

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Ironton City School District, Ohio

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

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

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Fund The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, interest, and related costs.

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

Ironton City School District, Ohio

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

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

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

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

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

Ironton City School District, Ohio

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2015, investments included non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$9,809, which includes \$4,818 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Inventory

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

G. Capital Assets

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

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

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

Ironton City School District, Ohio

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

Description	Governmental Activities Estimated Lives
Land Improvements	28-50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the School District are reported as restricted.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, since at the employee's request, any carry-over may be paid to the employees each year, or carried over.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

J. Accrued Liabilities and Long-term Obligations

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

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

Ironton City School District, Ohio

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

K. Interfund Activity

Transfers within governmental activities were eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

L. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

M. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Ironton City School District, Ohio

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

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

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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

N. Bond Premiums and Discounts

On government-wide financial statement, bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable. Bond premiums are presented as an increase of the face amount of the bonds payable. Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

On the governmental fund statements, bond premiums and bond discounts are recognized in the period in which the bonds are issued.

O. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

Ironton City School District, Ohio

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

Q. Pensions

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

R. Extraordinary and Special Items

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

S. Estimates

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

T. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 3 - Changes in Accounting Principle and Restatement of Net Position

For fiscal year 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," and Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure.

At June 30, 2014, the School District's intergovernmental receivables were overstated. During fiscal year 2015, the School District received documentation showing the reduction in grant revenues from the Ohio School Facilities Commission. The revenue was unavailable at June 30, 2014; therefore, the fund balance needs no restatement.

The implementation of this pronouncement and the overstatement of intergovernmental receivables had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$34,139,727
Adjustments:	
GASB 68	
Net Pension Liability	(20,067,116)
Deferred Outflow - Payments Subsequent to Measurement Date	1,012,685
Overstated Intergovernmental Receivable	<u>(1,140,047)</u>
Restated Net Position June 30, 2014	<u><u>\$13,945,249</u></u>

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

Note 4 - Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2015:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Special Education Idea B	\$34,958
Title I	57,063
Improving Teacher Quality	17,419

These deficits are due to the recognition of accrued liabilities in accordance with generally accepted accounting principles. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment or commitment of fund balance (GAAP basis).
4. Unreported interest represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Ironton City School District, Ohio

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

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	(\$98,099)
Net Adjustment for:	
Revenue Accruals	(34,525)
Expenditure Accruals	62,118
Unreported Interest:	
End of Fiscal Year	(69)
Advances In	75,000
Advances Out	(7,966)
To reclassify excess of revenues over expenditures into financial statement fund types	7,062
Encumbrances	<u>(36,536)</u>
Budget Basis	<u>(\$33,015)</u>

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Ironton City School District, Ohio

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

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,416,406 of the School District's bank balance of \$5,923,906 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

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

Note 7 - Property Taxes

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

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

Ironton City School District, Ohio

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

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

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

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

The amount available as an advance at June 30, 2015, was \$198,025 in the General Fund, \$80,525 in the Bond Retirement Fund, and \$4,149 in the School Facilities Fund. The amount available as an advance at June 30, 2014, was \$163,437 in the General Fund, \$66,853 in the Bond Retirement Fund, and \$3,402 in the School Facilities Fund.

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

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

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$107,375,200	73%	\$106,781,870	73%
Public Utility Personal	31,878,780	22%	31,583,650	22%
General Business Personal	7,638,890	5%	7,720,420	5%
Total	<u>\$146,892,870</u>	<u>100%</u>	<u>\$146,085,940</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation		\$33.70		\$33.70

Note 8 - Receivables

Receivables at June 30, 2015, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year, with the exception of delinquent property taxes deemed collectible by the County Auditor. A summary of principal items of intergovernmental receivables follows:

Ironton City School District, Ohio

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

Intergovernmental Receivables	Total
Title I	\$273,591
Title II-A	58,465
IDEA-B	94,813
Total Intergovernmental Receivable	\$426,869

Note 9 - Capital Assets

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

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$471,255	\$0	\$0	\$471,255
Depreciable Capital Assets:				
Land Improvements	5,808,601	621,844	0	6,430,445
Buildings and Improvements	46,220,265	118,000	0	46,338,265
Furniture and Equipment	1,042,269	15,856	(7,475)	1,050,650
Vehicles	870,708	0	0	870,708
Total Capital Assets being Depreciated	53,941,843	755,700	(7,475)	54,690,068
Less Accumulated Depreciation				
Land Improvements	(1,189,089)	(288,497)	0	(1,477,586)
Buildings and Improvements	(7,153,567)	(1,149,765)	0	(8,303,332)
Furniture and Equipment	(541,527)	(78,174)	5,980	(613,721)
Vehicles	(789,116)	(16,948)	0	(806,064)
Total Accumulated Depreciation	(9,673,299)	(1,533,384) *	5,980	(11,200,703)
Total Capital Assets being Depreciated, Net	44,268,544	(777,684)	(1,495)	43,489,365
Capital Assets, Net	\$44,739,799	(\$777,684)	(\$1,495)	\$43,960,620

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,422,191
Vocational	10,020
Support Services:	
Administration	1,307
Operation and Maintenance of Plant	29,686
Pupil Transportation	19,269
Operation of Non-Instructional Services:	
Food Service Operations	10,178
Extracurricular Activities	40,733
Total Depreciation Expense	\$1,533,384

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$71,009,711
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$2,000,000
Aggregate Limit	4,000,000
Products – Complete Operations Aggregate Limit	2,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	2,000,000
Per Disease Each Employee	2,000,000
Per Disease Policy Limit	2,000,000
Employee Benefits Liability:	
Per Claim	2,000,000
Aggregate Limit	4,000,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000

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

Ironton City School District, Ohio

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

B. Workers' Compensation

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees who earn vacation can carry over unused vacation for one year. If vacation is unused after that year, upon employee request, the employee may be paid for it at that time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 78 days.

B. Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified and classified employees through Guardian Insurance Inc., in the amount of \$30,000 and \$20,000, respectively.

Health insurance is provided by Anthem, Inc. Premiums for this coverage are \$1,637 for family coverage and \$663 for single coverage. The School District pays 85% of the premium for employees hired before August 1, 2009. For employees hired after August 1, 2009, the School District pays 70% of the premium. Dental insurance is provided by CIGNA. Premiums are \$20 for individual coverage and \$66 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference. Vision insurance is provided by Vision Service Plan. Premiums are \$7 for individual coverage and \$15 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference.

Note 12 - Defined Benefit Pension Plans

A. Net Pension Liability

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

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about 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.

Ironton City School District, Ohio

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

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

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

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

The School District's contractually required contribution to SERS was \$279,041 for fiscal year 2015. Of this amount \$46,815 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Ironton City School District, Ohio

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

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

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

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

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

The School District's contractually required contributions to STRS was \$808,963 for fiscal year 2015. Of this amount \$164,530 is reported as an intergovernmental payable

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,505,209	\$13,388,628	\$16,893,837
Proportion of the Net Pension Liability	0.069260%	0.05504409%	
Pension Expense	\$199,839	\$526,691	\$726,530

Ironton City School District, Ohio

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$29,833	\$128,895	\$158,728
School District contributions subsequent to the measurement date	279,041	808,963	1,088,004
Total Deferred Outflows of Resources	\$308,874	\$937,858	\$1,246,732
 Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$568,905	\$2,476,947	\$3,045,852

\$1,088,004 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$134,693)	(\$587,013)	(\$721,706)
2017	(134,693)	(587,013)	(721,706)
2018	(134,693)	(587,013)	(721,706)
2019	(134,993)	(587,013)	(722,006)
Total	(\$539,072)	(\$2,348,052)	(\$2,887,124)

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

Ironton City School District, Ohio

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

service with the employer and the payment of benefits after termination.

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

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

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

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

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

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

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

Ironton City School District, Ohio

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

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

	1% Decrease █ (6.75%)	Current █ Discount Rate (7.75%)	1% Increase █ (8.75%)
School District's proportionate share of the net pension liability	\$5,000,892	\$3,505,209	\$2,247,211

Actuarial Assumptions - STRS

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

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

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

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
School District's proportionate share of the net pension liability	\$19,167,280	\$13,388,628	\$8,501,832

Note 13 - Postemployment Benefits

A. School Employees Retirement System

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

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

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$25,656. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$31,651.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$33,859, \$33,651, and \$25,880, respectively. For fiscal year 2015, 3.54 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$0, \$56,534, and \$55,330 respectively. The full amount has been contributed for fiscal years 2015, 2014, and 2013.

Ironton City School District, Ohio

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

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/2014 *	Additions	Reductions	Principal Outstanding 6/30/2015	Amounts Due in One Year
Governmental Activities					
2006 School Facilities Construction and Improvement Bonds, 4.0-5.0%					
Serial Bonds	\$3,180,000	\$0	\$400,000	\$2,780,000	\$415,000
Term Bonds	2,025,000	0	0	2,025,000	0
Premium on Bonds	107,924	0	8,044	99,880	0
Discount on Bonds	(25,679)	0	(1,914)	(23,765)	0
2010 School Facilities Construction and Improvement Bonds, 2.0-5.0%					
Serial Bonds	325,000	0	5,000	320,000	5,000
Term Bonds	2,665,000	0	0	2,665,000	0
Premium on Bonds	53,254	0	2,546	50,708	0
Discount on Bonds	(25,100)	0	(1,200)	(23,900)	0
2013 Refunding Bonds, 1.00-3.25%					
Serial Bonds	7,385,000	0	175,000	7,210,000	175,000
Term Bonds	250,000	0	0	250,000	0
Discount on Bonds	(93,264)	0	(4,568)	(88,696)	0
Capital Appreciation Bonds, 19.759-20.298%					
Serial Bonds	420,000	0	0	420,000	0
Premium on Bonds	1,541,471	0	147,981	1,393,490	0
Accretion on Capital Appreciation Bonds	97,270	109,482	0	206,752	0
Total General Obligation Bonds	17,905,876	109,482	730,889	17,284,469	595,000
Net Pension Liability					
STRS	15,948,446	0	2,559,818	13,388,628	0
SERS	4,118,670	0	613,461	3,505,209	0
Total Net Pension Liability	20,067,116	0	3,173,279	16,893,837	0
Sick Leave Benefits	756,025	9,645	466,400	299,270	38,403
Total Governmental Activities Long-Term Liabilities	\$38,729,017	\$119,127	\$4,370,568	\$34,477,576	\$633,403

* - As Restated (See Note 3)

Sick leave benefits are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Lunchroom Special Revenue Funds. The School District pays obligations related to employee compensation from the fund benefitting from their service. See Note 12 for additional information related to net pension liability.

On May 19, 2010, the School District issued \$3,000,000 in voted general obligation bonds to pay off a note which had been issued to pay the local share of the school construction under the state of Ohio

Ironton City School District, Ohio

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

Classroom Facilities Assistance Program. On October 18, 2006, the School District issued \$15,000,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program. These bonds were partially refunded in 2013.

On March 21, 2013, the School District issued refunding bonds of \$8,240,000 consisting of \$7,570,000 in serial bonds, \$420,000 in capital appreciation bonds, and \$250,000 in term bonds. The refunding bonds will mature on December 1, 2034. These bonds were issued to advance refund part of the 2006 School Building Construction Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$1,650,060. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2015 was \$74,160. At the date of the refunding, \$9,696,706 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2006 bonds. As of June 30, 2015, the entire amount of the refunded bonds is still outstanding, and the balance of the irrevocable trust account was \$8,781,154.

The current interest term bonds due December 1, 2028, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$645,000
2026	675,000
2027	705,000

The remaining principal amount of such current interest term bonds (\$735,000) will be paid at stated maturity on December 1, 2028.

The current interest term bonds maturing after December 1, 2017, are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after December 1, 2016, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The current interest term bonds due December 1, 2022, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$140,000

The remaining principal amount of such current interest term bonds (\$150,000) will be paid at stated maturity on December 1, 2023.

The current interest term bonds due December 1, 2024, are subject to mandatory sinking fund redemption

Ironton City School District, Ohio

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

at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$155,000

The remaining principal amount of such current interest term bonds (\$160,000) will be paid at stated maturity on December 1, 2024.

The current interest term bonds due December 1, 2026, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$165,000

The remaining principal amount of such current interest term bonds (\$170,000) will be paid at stated maturity on December 1, 2026.

The current interest term bonds due December 1, 2029, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$180,000
2028	190,000

The remaining principal amount of such current interest term bonds (\$200,000) will be paid at stated maturity on December 1, 2029.

The current interest term bonds due December 1, 2034, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$210,000
2031	220,000
2032	230,000
2033	240,000

The remaining principal amount of such current interest term bonds (\$255,000) will be paid at stated maturity on December 1, 2034.

Ironton City School District, Ohio

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

The current interest term bonds maturing on December 1, 2020 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The current interest term bonds due December 1, 2027, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	\$80,000
2026	85,000

The remaining principal amount of such current interest term bonds (\$85,000) will be paid at stated maturity on December 1, 2034.

The current interest term bonds maturing on December 1, 2021 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2021, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The capital appreciation bonds will mature in fiscal year 2025. The maturity amount of the bonds is \$2,840,000. For the fiscal year 2015, \$109,482 was accreted for a total bond value of \$626,752.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2015, were as follows:

Fiscal Year Ending June 30,	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$595,000	\$329,646	\$0	\$0	\$0	\$215,300
2017	615,000	308,590	0	0	0	215,300
2018	685,000	285,590	0	0	0	215,300
2019	710,000	260,370	0	0	0	215,300
2020	745,000	233,519	0	0	0	215,300
2021-2025	830,000	974,469	420,000	2,420,000	605,000	1,032,896
2026-2030	1,625,000	913,250	0	0	3,180,000	545,094
2031-2035	4,505,000	373,518	0	0	1,155,000	149,875
	<u>\$10,310,000</u>	<u>\$3,678,952</u>	<u>\$420,000</u>	<u>\$2,420,000</u>	<u>\$4,940,000</u>	<u>\$2,804,365</u>

Repayment of debt issuances above are made from the Bond Retirement Fund.

The School District exceeded its overall debt limitation of \$13,147,735 by \$1,396,605. The Board of Education has obtained consent from the State Tax Commissioner and the Superintendent of Public Instruction to issue debt beyond the nine percent debt limitation, as the School District qualifies as a "special needs district." The School District's unvoted debt margin was \$146,086 at June 30, 2015.

Ironton City School District, Ohio

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

Note 15 - Interfund Activity

Interfund receivables and payables at June 30, 2015, consist of \$7,966, representing monies advanced to the Special Education IDEA Part B Special Revenue Fund to be repaid to the General Fund when grant funds are received.

Note 16 - Jointly Governed Organizations

The South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) is a jointly governed organization which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCARCoG is an association of public School Districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCARCoG \$77,487 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

The Lawrence County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. Ironton City School District made no payments to the Joint Vocational School District in fiscal year 2015. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, OH 45619.

The Lawrence County Academy is a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a seven-member Board of Directors. The Board membership consists of superintendents from Chesapeake Union Exempted Village School District, Fairland Local School District, Dawson Bryant Local School District, South Point Local School District, Symmes Valley Local School District, Ironton City School District, and Rock Hill Local School District. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Teresa Lawless, fiscal agent for the Lawrence County Academy, at the Lawrence County Educational Service Center, 3rd Floor Courthouse, 111 South 4th Street, Ironton, Ohio 45638, or by calling 740-532-4223.

Ironton City School District, Ohio

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

The Educational Regional Service System (ERSS) Region 15 is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

Note 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The School District participates in the **Lawrence County Schools Council of Governments Health Benefits Program (Council)**, a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed their net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

Note 18 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion, are \$53,358. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$27,290 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments' intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate interest should be used to provide scholarships each year.

Note 19 - Set asides

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	258,778
Offsets	(1,159,210)
Total	<u>(\$900,432)</u>

The School District had qualifying offsets during the fiscal year that reduce the set-aside amount below zero. The excess set-aside may not be carried forward to reduce the set-aside requirements in future fiscal years.

Note 20 - Encumbrances

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

Ironton City School District, Ohio

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

Fund	Amount
General	\$36,624
Nonmajor Governmental Funds	96,247
Total	\$132,871

Note 21 - Contingencies

A. Grants

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

B. Litigation

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

C. School Foundation

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

Note 22 – Subsequent Events

The Board approved School Improvement Refunding Bonds in the amount of \$3,955,000 to refund the District's outstanding School Improvement Bonds dated October 31, 2006, issued originally in the amount of \$15,000,000. The Refunding Bonds are dated July 7, 2015.

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.069260%	0.069260%
School District's Proportionate Share of the Net Pension Liability	\$3,505,209	\$4,118,670
School District's Covered-Employee Payroll	\$1,978,557	\$1,750,111
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	177.16%	235.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.05504409%	0.05504409%
School District's Proportionate Share of the Net Pension Liability	\$13,388,628	\$15,948,446
School District's Covered-Employee Payroll	\$5,680,436	\$5,745,669
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.70%	277.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

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Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$279,041	\$274,228	\$242,215	\$236,429
Contributions in Relation to the Contractually Required Contribution	<u>(279,041)</u>	<u>(274,228)</u>	<u>(242,215)</u>	<u>(236,429)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,117,155	\$1,978,557	\$1,750,111	\$1,757,840
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$223,609	\$250,169	\$182,884	\$180,468	\$191,724	\$182,802
(223,609)	(250,169)	(182,884)	(180,468)	(191,724)	(182,802)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,778,913	\$1,847,629	\$1,858,580	\$1,837,757	\$1,795,165	\$1,727,808
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Ironton City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$808,963	\$738,457	\$746,937	\$776,322
Contributions in Relation to the Contractually Required Contribution	<u>(808,963)</u>	<u>(738,457)</u>	<u>(746,937)</u>	<u>(776,322)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$5,778,307	\$5,680,436	\$5,745,669	\$5,971,708
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$777,834	\$819,871	\$839,267	\$837,162	\$884,558	\$834,316
(777,834)	(819,871)	(839,267)	(837,162)	(884,558)	(834,316)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,983,338	\$6,306,700	\$6,455,900	\$6,439,708	\$6,804,292	\$6,417,815
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014/2015	10.555	\$ 32,493	\$ 32,493
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	138,527	138,527
National School Lunch Program	2014/2015	10.555	<u>323,825</u>	<u>323,825</u>
Cash Assistance Subtotal			<u>462,352</u>	<u>462,352</u>
Total Child Nutrition Cluster			<u>494,845</u>	<u>494,845</u>
Total U.S. Department of Agriculture			494,845	494,845
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014 2015	84.010	71,928 <u>602,568</u>	137,284 <u>570,891</u>
Total Title I Grants to Local Educational Agencies			<u>674,496</u>	<u>708,175</u>
Special Education - Grants to States (IDEA, Part B)	2014 2015	84.027	51,701 <u>346,124</u>	109,331 <u>327,048</u>
Total Special Education - Grants to States (IDEA, Part B)			<u>397,825</u>	<u>436,379</u>
Improving Teacher Quality State Grants	2014 2015	84.367	8,410 <u>105,336</u>	24,285 <u>99,010</u>
Total Improving Teacher Quality State Grants			<u>113,746</u>	<u>123,295</u>
ARRA - Race to the Top	2015	84.395	265	265
Total U.S. Department of Education			<u>1,186,332</u>	<u>1,268,114</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,681,177</u>	<u>\$ 1,762,959</u>

The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Ironton City School District
Lawrence County
105 South 5th Street
Ironton, Ohio 45638

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 15, 2016 wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of the Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016



Dave Yost • Auditor of State

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

Ironton City School District
Lawrence County
105 South 5th Street
Ironton, Ohio 45638

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies: CFDA #84.010 Special Education – Grants to States (IDEA, Part B): CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

IRONTON CITY SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2016**