

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015***

**SANDI HURD, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Nelsonville-York City School District  
2 Buckeye Drive  
Nelsonville, Ohio 45764

We have reviewed the *Independent Auditor's Report* of the Nelsonville-York City School District, Athens County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Nelsonville-York City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

January 29, 2016

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**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nelsonville-York City School District, Athens County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Nelsonville-York City 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 whether due to fraud or error.

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 Nelsonville-York City 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 Nelsonville-York City School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nelsonville-York City School District, Athens 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 fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2015, the Nelsonville-York City School District adopted the provisions of Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. 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*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Supplementary Information***

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

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

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling 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 November 24, 2015, on our consideration of the Nelsonville-York City 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 Nelsonville-York City School District's internal control over financial reporting and compliance.



**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- The District restated net position for 2014 as described in Note 3.A. The District's net position of governmental activities decreased \$383,119 which represents a 158.05% decrease from 2014 as restated.
- General revenues accounted for \$11,158,241 in revenue or 76.84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,363,867 or 23.16% of total revenues of \$14,522,108.
- The District had \$14,419,773 in expenses related to governmental activities; only \$3,363,867 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,158,241 were adequate to provide for these programs.
- The District had \$485,454 in special item losses (see Note 2.R) during fiscal year 2015.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$12,410,027 in revenues and \$11,999,008 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$411,019 from \$3,529,255 to \$3,940,274.
- The bond retirement fund had \$2,594,955 in revenues and other financing sources and \$2,850,495 in expenditures and other financing uses. During fiscal 2015, the bond retirement fund's fund balance decreased \$255,540 from \$1,347,672 to \$1,092,132.

**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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

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

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

*Governmental Funds*

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

*Reporting the District's Fiduciary Responsibilities*

The District's fiduciary funds consist of a private purpose trust fund and an agency fund. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting. The fiduciary fund financial statements can be found on pages 24-25 of this report.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-63 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 66-72 of this report.

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**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Assets</u></b>		
Current and other assets	\$ 9,210,141	\$ 10,167,635
Capital assets, net	<u>15,920,076</u>	<u>15,999,366</u>
Total assets	<u>25,130,217</u>	<u>26,167,001</u>
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges on debt refunding	138,436	149,613
Pensions	<u>1,135,304</u>	<u>900,535</u>
Total deferred outflows of resources	<u>1,273,740</u>	<u>1,050,148</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,637,941	1,493,891
Long-term liabilities:		
Due within one year	621,530	635,697
Due in more than one year:		
Net pension liability	15,154,202	18,004,286
Other amounts	<u>5,287,017</u>	<u>5,789,144</u>
Total liabilities	<u>22,700,690</u>	<u>25,923,018</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for next fiscal year	1,591,569	1,536,534
Pensions	<u>2,737,220</u>	<u>-</u>
Total deferred inflows of resources	<u>4,328,789</u>	<u>1,536,534</u>
<b><u>Net position</u></b>		
Net investment in capital assets	10,547,125	10,333,061
Restricted	1,830,083	2,909,978
Unrestricted	<u>(13,002,730)</u>	<u>(13,485,442)</u>
Total net position	<u>\$ (625,522)</u>	<u>\$ (242,403)</u>

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$16,861,348 to a deficit of \$242,403.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$625,522.

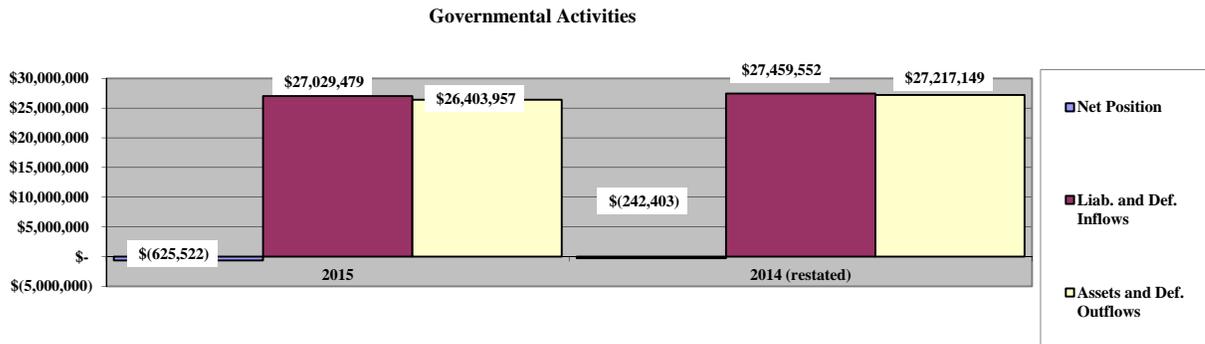
**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

At year-end, capital assets represented 63.35% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2015, was \$10,547,125. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,830,083, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$13,002,730. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2015 and 2014 as restated in Note 3.A.



The table below shows the changes in net position for governmental activities between 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

**Change in Net Position**

	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 647,400	\$ 871,183
Operating grants and contributions	2,716,467	2,649,151
General revenues:		
Property taxes	2,213,356	2,302,871
Grants and entitlements	8,915,924	8,460,911
Investment earnings	7,011	5,831
Other	<u>21,950</u>	<u>149,372</u>
Total revenues	<u>14,522,108</u>	<u>14,439,319</u>

- Continued

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**Change in Net Position (Continued)**

	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 6,330,657	\$ 5,995,369
Special	1,676,888	1,660,384
Vocational	162,020	164,588
Other	43,346	44,054
Support services:		
Pupil	481,158	498,760
Instructional staff	465,826	390,117
Board of education	48,577	74,002
Administration	1,275,445	1,213,672
Fiscal	337,471	308,447
Operations and maintenance	1,233,027	1,107,744
Pupil transportation	932,028	944,631
Central	-	8,971
Operation of non-instructional services:		
Food service operations	624,465	627,000
Other non-instructional services	6,660	9,473
Extracurricular activities	294,775	280,195
Interest and fiscal charges	259,088	305,360
Depreciation - unallocated	<u>248,342</u>	<u>258,983</u>
Total expenses	<u>14,419,773</u>	<u>13,891,750</u>
Special item	<u>(485,454)</u>	<u>-</u>
Change in net position	(383,119)	547,569
Net position at beginning of year (restated)	<u>(242,403)</u>	<u>(789,972)</u>
Net position at end of year	<u><u>\$ (625,522)</u></u>	<u><u>\$ (242,403)</u></u>

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$900,535 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$645,041.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 14,419,773
Pension expense under GASB 68	(645,041)
2015 contractually required contributions	<u>992,674</u>
Adjusted 2015 program expenses	14,767,406
Total 2014 program expenses under GASB 27	<u>13,891,750</u>
Increase in program expenses not related to pension	<u>\$ 875,656</u>

Net position of the District's governmental activities decreased \$383,119. Total governmental expenses of \$14,419,773 were offset by program revenues of \$3,363,867 and general revenues of \$11,158,241. Program revenues supported 23.33% of the total governmental expenses.

The refunding of unspent construction funds to the Ohio Facilities Construction Commission is reported as a special item. The special item is discussed in Note 2.R.

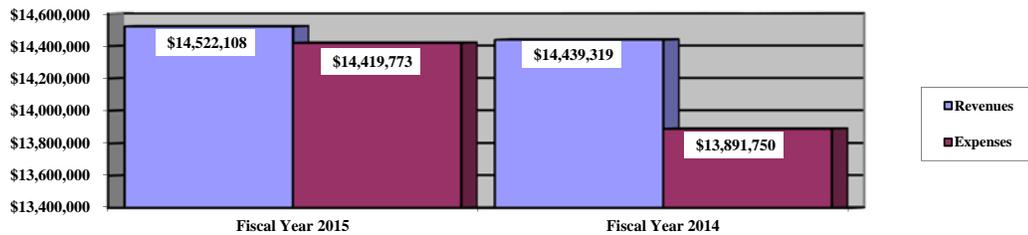
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 76.64% of total governmental revenue.

The District's revenue increased approximately \$83,000 in fiscal year 2015. This was due to more State Foundation revenue for fiscal year 2015. Expenses increased approximately \$528,000 in fiscal year 2015.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,212,911 or 56.96% of total governmental expenses for fiscal 2015.

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

**Governmental Activities - Revenues and Expenses**



**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

**Governmental Activities**

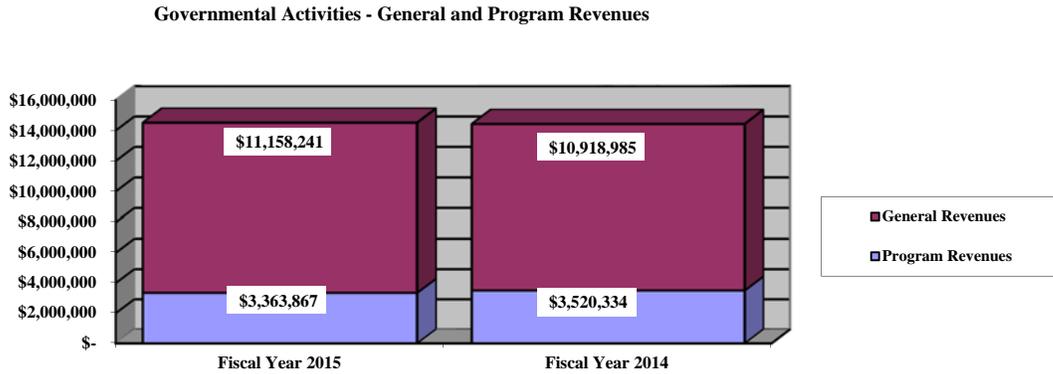
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,330,657	\$ 5,406,687	\$ 5,995,369	\$ 4,994,781
Special	1,676,888	166,759	1,660,384	85,389
Vocational	162,020	139,646	164,588	139,242
Other	43,346	25,012	44,054	1,717
Support services:				
Pupil	481,158	481,158	498,760	498,760
Instructional staff	465,826	323,517	390,117	319,067
Board of education	48,577	48,577	74,002	74,002
Administration	1,275,445	1,188,023	1,213,672	1,121,171
Fiscal	337,471	337,471	308,447	308,447
Operations and maintenance	1,233,027	1,233,027	1,107,744	1,107,744
Pupil transportation	932,028	899,572	944,631	902,983
Central	-	-	8,971	8,971
Operation of non-instructional services:				
Food service operations	624,465	96,694	627,000	44,941
Other non-instructional services	6,660	6,660	9,473	9,413
Extracurricular activities	294,775	195,673	280,195	190,445
Interest and fiscal charges	259,088	259,088	305,360	305,360
Depreciation - unallocated	248,342	248,342	258,983	258,983
Total expenses	<u>\$ 14,419,773</u>	<u>\$ 11,055,906</u>	<u>\$ 13,891,750</u>	<u>\$ 10,371,416</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 69.87% of instructional activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.67%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for District's students.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$5,533,486, which is less than last year's total of \$6,457,621. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	Increase <u>(Decrease)</u>
<b>Major funds:</b>			
General	\$ 3,940,274	\$ 3,529,255	\$ 411,019
Bond retirement	1,092,132	1,347,672	(255,540)
Other governmental	<u>501,080</u>	<u>1,580,694</u>	<u>(1,079,614)</u>
Total	<u>\$ 5,533,486</u>	<u>\$ 6,457,621</u>	<u>\$ (924,135)</u>

**General Fund**

The District's general fund's fund balance increased \$411,019. The increase in fund balance can be attributed to increasing revenues exceeding increasing expenditures.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 2,051,093	\$ 1,985,312	3.31 %
Tuition	430,988	652,430	(33.94) %
Earnings on investments	6,586	5,577	18.09 %
Intergovernmental	9,806,219	9,335,949	5.04 %
Other revenues	<u>115,141</u>	<u>171,090</u>	(32.70) %
Total	<u>\$ 12,410,027</u>	<u>\$ 12,150,358</u>	2.14 %
<b><u>Expenditures</u></b>			
Instruction	\$ 6,922,441	\$ 6,507,649	6.37 %
Support services	4,580,053	4,273,699	7.17 %
Operation of non-instructional services	6,660	9,412	(29.24) %
Extracurricular activities	203,422	172,548	17.89 %
Facilities acquisition and construction	<u>57,317</u>	<u>12,650</u>	353.10 %
Total	<u>\$ 11,769,893</u>	<u>\$ 10,975,958</u>	7.23 %

The most significant increase in revenue occurred in the intergovernmental category. This is due to the District receiving more in State Foundation revenue during fiscal year 2015. Tuition revenue decreased due to a decrease in open enrollment. All other revenues remained consistent with the prior year. Total revenue increased 2.14% from fiscal year 2014.

Expenditures increased 7.23% from fiscal year 2014. This was primarily due to wage and benefit increases.

***Bond Retirement Fund***

The bond retirement fund had \$2,594,955 in revenues and other financing sources and \$2,850,495 in expenditures and other financing uses. During fiscal 2015, the bond retirement fund's fund balance decreased \$255,540 from \$1,347,672 to \$1,092,132. The District refunded a portion of the general obligation bonds during fiscal year 2015. This will result in lower interest costs in the future.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2015, the District amended its general fund budget numerous times. For the general fund, original budgeted revenues and other financing sources were \$11,865,025 and final budgeted revenues and other financing sources were increased to \$12,421,532. Actual revenues and other financing sources for fiscal year 2015 was \$12,421,532. This represents no change from final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$12,284,614 were increased to \$12,414,840 in the final budget. The actual budget basis expenditures for fiscal year 2015 totaled \$12,098,083, which was \$316,757 less than the final budget appropriations.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2015, the District had \$15,920,076 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2015 balances compared to 2014:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>
Land	\$ 135,512	\$ 135,512
Construction in progress	428,591	-
Land improvements	805,222	882,510
Building and improvements	13,836,591	14,282,144
Furniture, fixtures and equipment	365,775	368,849
Vehicles	<u>348,385</u>	<u>330,351</u>
Total	<u>\$ 15,920,076</u>	<u>\$ 15,999,366</u>

Total additions during fiscal year 2015 were \$707,848. The total depreciation expense for 2015 was \$787,138.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2015, the District had \$5,044,700 in general obligation bonds and lease-purchase agreement outstanding. Of this total, \$488,000 is due within one year and \$4,556,700 is due in greater than one year. The following table summarizes the bonds and lease-purchase agreement outstanding.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
General obligation bonds	\$ 4,688,700	\$ 5,077,006
Lease purchase agreement	<u>356,000</u>	<u>464,000</u>
Total	<u>\$ 5,044,700</u>	<u>\$ 5,541,006</u>

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**Current Financial Related Activities**

**State Budget:**

The District is largely depending on state funding (greater than 75% of the District's general funds come from the State). State foundation is driven by student enrollment and local tax values. The District has maintained steady enrollment, which has helped to maintain steady revenues for the District. The District is a formula district, which means that they are neither on a guarantee – due to decreasing enrollment or capped – due to large growth.

**Local Revenue:**

Local taxes are a smaller component of the District's revenues (around 15%). As other areas of the State have seen decreases in their valuations, Nelsonville-York has been steady. The District did not see large increases in property values, while other areas were increasing rapidly, therefore, the District has been impacted less severely over the past several years in this area.

**Staffing:**

The Board has a contract in place with certified staff that will be in effect until August of 2017. The contract called for a 3% increase each year through fiscal year 2017. The Board also has a negotiated agreement in place with the classified staff that goes through August of 2017. The contract called for a 4% increase each year through fiscal year 2017. The Board extended similar increases to the other employees of the District that were not covered by either of these agreements.

**Health Insurance:**

Health insurance is a growing expense for all districts. The District participates in the Athens County School Health Insurance Consortium and has been able to take advantage of increased number of insureds to level out the increases in premiums. This past fiscal year (FY15) the Consortium had a 10% increase in insurance costs, and this fiscal year (FY16) the increase was only 2%. The District will have to look to other ways to help maintain these costs, whether this be by increasing co-pays and deductibles, offering a high deductible plan, or to reduced future salary increases to pay for increased insurance costs.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Sandi Hurd, Treasurer, Nelsonville-York City School District, 2 Buckeye Drive, Nelsonville, Ohio 45764.

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**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 6,832,100
Receivables:	
Property taxes . . . . .	2,207,891
Accrued interest . . . . .	578
Intergovernmental . . . . .	119,854
Prepayments . . . . .	43,357
Materials and supplies inventory . . . . .	4,683
Inventory held for resale . . . . .	1,678
Capital assets:	
Nondepreciable capital assets . . . . .	564,103
Depreciable capital assets, net . . . . .	15,355,973
Capital assets, net . . . . .	15,920,076
Total assets . . . . .	25,130,217
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	138,436
Pension - STRS . . . . .	873,101
Pension - SERS . . . . .	262,203
Total deferred outflows of resources . . . . .	1,273,740
 <b>Liabilities:</b>	
Accounts payable . . . . .	55,694
Contracts payable . . . . .	108,818
Accrued wages and benefits payable . . . . .	1,191,700
Intergovernmental payable . . . . .	62,998
Pension and postemployment obligation payable . . . . .	197,942
Accrued interest payable . . . . .	20,789
Long-term liabilities:	
Due within one year . . . . .	621,530
Due in more than one year:	
Net pension liability (See Note 12) . . . . .	15,154,202
Other amounts due in more than one year . . . . .	5,287,017
Total liabilities . . . . .	22,700,690
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . .	1,591,569
Pension - STRS . . . . .	2,262,735
Pension - SERS . . . . .	474,485
Total deferred inflows of resources . . . . .	4,328,789
 <b>Net position:</b>	
Net investment in capital assets . . . . .	10,547,125
Restricted for:	
Capital projects . . . . .	318,465
Classroom facilities maintenance . . . . .	358,610
Debt service . . . . .	1,080,723
Locally funded programs . . . . .	32,573
State funded programs . . . . .	18,086
Federally funded programs . . . . .	2,121
Student activities . . . . .	5,736
Other purposes . . . . .	13,769
Unrestricted (deficit) . . . . .	(13,002,730)
Total net position . . . . .	\$ (625,522)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

		<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,330,657	\$ 436,124	\$ 487,846	\$ (5,406,687)
Special . . . . .	1,676,888	6,515	1,503,614	(166,759)
Vocational . . . . .	162,020	-	22,374	(139,646)
Other . . . . .	43,346	-	18,334	(25,012)
Support services:				
Pupil . . . . .	481,158	-	-	(481,158)
Instructional staff . . . . .	465,826	18,960	123,349	(323,517)
Board of education . . . . .	48,577	-	-	(48,577)
Administration . . . . .	1,275,445	-	87,422	(1,188,023)
Fiscal . . . . .	337,471	-	-	(337,471)
Operations and maintenance . . . . .	1,233,027	-	-	(1,233,027)
Pupil transportation . . . . .	932,028	-	32,456	(899,572)
Operation of non-instructional services:				
Food service operations . . . . .	624,465	86,699	441,072	(96,694)
Other non-instructional services . . . . .	6,660	-	-	(6,660)
Extracurricular activities . . . . .	294,775	99,102	-	(195,673)
Interest and fiscal charges . . . . .	259,088	-	-	(259,088)
Depreciation - unallocated . . . . .	248,342	-	-	(248,342)
Total governmental activities . . . . .	<u>\$ 14,419,773</u>	<u>\$ 647,400</u>	<u>\$ 2,716,467</u>	<u>(11,055,906)</u>
 <b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				1,964,309
Debt service . . . . .				214,174
Classroom facilities maintenance . . . . .				34,873
Grants and entitlements not restricted				
to specific programs . . . . .				8,915,924
Investment earnings . . . . .				7,011
Miscellaneous . . . . .				21,950
Total general revenues . . . . .				11,158,241
Special item - refund to OFCC . . . . .				(485,454)
Change in net position . . . . .				(383,119)
<b>Net position at beginning of year (restated).</b>				<b>(242,403)</b>
<b>Net position at end of year . . . . .</b>				<b>\$ (625,522)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,023,312	\$ 1,066,862	\$ 741,926	\$ 6,832,100
Receivables:				
Property taxes. . . . .	1,925,883	242,039	39,969	2,207,891
Accrued interest . . . . .	-	-	578	578
Intergovernmental. . . . .	38,792	-	81,062	119,854
Prepayments. . . . .	43,357	-	-	43,357
Materials and supplies inventory. . . . .	4,683	-	-	4,683
Inventory held for resale. . . . .	-	-	1,678	1,678
Total assets . . . . .	<u>\$ 7,036,027</u>	<u>\$ 1,308,901</u>	<u>\$ 865,213</u>	<u>\$ 9,210,141</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 51,230	\$ -	\$ 4,464	\$ 55,694
Contracts payable. . . . .	-	-	108,818	108,818
Accrued wages and benefits payable . . . . .	1,017,510	-	174,190	1,191,700
Compensated absences payable . . . . .	37,263	-	-	37,263
Intergovernmental payable . . . . .	57,033	-	5,965	62,998
Pension and postemployment obligation payable. . . . .	164,619	-	33,323	197,942
Total liabilities. . . . .	<u>1,327,655</u>	<u>-</u>	<u>326,760</u>	<u>1,654,415</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	1,388,315	173,689	29,565	1,591,569
Delinquent property tax revenue not available. . . . .	340,991	43,080	6,901	390,972
Intergovernmental revenue not available. . . . .	38,792	-	907	39,699
Total deferred inflows of resources . . . . .	<u>1,768,098</u>	<u>216,769</u>	<u>37,373</u>	<u>2,022,240</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	4,683	-	-	4,683
Prepays. . . . .	43,357	-	-	43,357
Restricted:				
Debt service . . . . .	-	1,092,132	-	1,092,132
Capital improvements . . . . .	-	-	209,647	209,647
Classroom facilities maintenance . . . . .	-	-	351,709	351,709
Public school preschool . . . . .	-	-	15,890	15,890
Special education . . . . .	-	-	7,953	7,953
Targeted academic assistance . . . . .	-	-	1,277	1,277
Extracurricular activities . . . . .	-	-	5,736	5,736
Other purposes . . . . .	-	-	48,215	48,215
Assigned:				
Student instruction . . . . .	141	-	-	141
Student and staff support. . . . .	22,173	-	-	22,173
Subsequent year's appropriations . . . . .	1,186,750	-	-	1,186,750
Other purposes. . . . .	3,579	-	-	3,579
Unassigned (deficit). . . . .	<u>2,679,591</u>	<u>-</u>	<u>(139,347)</u>	<u>2,540,244</u>
Total fund balances . . . . .	<u>3,940,274</u>	<u>1,092,132</u>	<u>501,080</u>	<u>5,533,486</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,036,027</u>	<u>\$ 1,308,901</u>	<u>\$ 865,213</u>	<u>\$ 9,210,141</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$	5,533,486
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,920,076
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	390,972	
Intergovernmental receivable		39,699	
Total			430,671
Unamortized premiums on bonds issued are not recognized in the funds.			(391,569)
Unamortized amounts on refundings are not recognized in the funds.			138,436
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(20,789)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		1,135,304	
Deferred Inflows - Pension		(2,737,220)	
Net pension liability		(15,154,202)	
Total			(16,756,118)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(4,688,700)	
Lease-purchase agreement		(356,000)	
Compensated absences		(435,015)	
Total			(5,479,715)
<b>Net position of governmental activities</b>		\$	(625,522)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,051,093	\$ 227,599	\$ 37,089	\$ 2,315,781
Tuition . . . . .	430,988	-	18,960	449,948
Earnings on investments . . . . .	6,586	-	1,045	7,631
Charges for services . . . . .	-	-	88,539	88,539
Extracurricular . . . . .	-	-	72,062	72,062
Other local revenues . . . . .	115,141	1,196	40,215	156,552
Intergovernmental - state . . . . .	9,806,219	32,541	188,927	10,027,687
Intergovernmental - federal . . . . .	-	-	1,611,605	1,611,605
Total revenues . . . . .	<u>12,410,027</u>	<u>261,336</u>	<u>2,058,442</u>	<u>14,729,805</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,589,885	-	554,809	6,144,694
Special . . . . .	1,135,086	-	583,758	1,718,844
Vocational . . . . .	173,534	-	-	173,534
Other . . . . .	23,936	-	21,045	44,981
Support services:				
Pupil . . . . .	512,077	-	-	512,077
Instructional staff . . . . .	336,191	-	148,622	484,813
Board of education . . . . .	48,868	-	-	48,868
Administration . . . . .	1,251,870	-	92,667	1,344,537
Fiscal . . . . .	332,460	7,028	1,748	341,236
Operations and maintenance . . . . .	1,142,168	-	183,094	1,325,262
Pupil transportation . . . . .	956,419	-	4,727	961,146
Operation of non-instructional services:				
Food service operations . . . . .	-	-	627,978	627,978
Other non-instructional services . . . . .	6,660	-	-	6,660
Extracurricular activities . . . . .	203,422	-	105,563	308,985
Facilities acquisition and construction . . . . .	57,317	-	428,591	485,908
Debt service:				
Principal retirement . . . . .	-	453,000	-	453,000
Interest and fiscal charges . . . . .	-	188,366	-	188,366
Bond issuance costs . . . . .	-	63,699	-	63,699
Total expenditures . . . . .	<u>11,769,893</u>	<u>712,093</u>	<u>2,752,602</u>	<u>15,234,588</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>640,134</u>	<u>(450,757)</u>	<u>(694,160)</u>	<u>(504,783)</u>
<b>Other financing sources (uses):</b>				
Premium on sale of refunding bonds . . . . .	-	179,504	-	179,504
Sale of refunding bonds . . . . .	-	2,025,000	-	2,025,000
Transfers in . . . . .	-	129,115	225,684	354,799
Transfers (out) . . . . .	(229,115)	-	(125,684)	(354,799)
Payment to refunded bond escrow agent . . . . .	-	(2,138,402)	-	(2,138,402)
Total other financing sources (uses) . . . . .	<u>(229,115)</u>	<u>195,217</u>	<u>100,000</u>	<u>66,102</u>
Special item - refund to OFCC . . . . .	-	-	(485,454)	(485,454)
Net change in fund balances . . . . .	411,019	(255,540)	(1,079,614)	(924,135)
<b>Fund balances at beginning of year . . . . .</b>	<u>3,529,255</u>	<u>1,347,672</u>	<u>1,580,694</u>	<u>6,457,621</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 3,940,274</u>	<u>\$ 1,092,132</u>	<u>\$ 501,080</u>	<u>\$ 5,533,486</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	(924,135)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 707,848	
Current year depreciation	(787,138)	
Total		(79,290)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(102,425)	
Intergovernmental	(105,272)	
Total		(207,697)
Repayment of bond and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		453,000
Issuance of refunding bonds is recorded as other financing sources in the funds; however, in the statement of activities, it is not reported as other financing sources as it increases liabilities on the statement of net position		
		(2,025,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities.		
		2,138,402
Premiums on bonds related to the issuance of refunding bonds are amortized over the life of the issuance in the statement of activities.		
		(179,504)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	4,397	
Accreted interest on capital appreciation bonds	(26,694)	
Amortization of bond premiums	28,430	
Amortization of deferred charges	(13,156)	
Total		(7,023)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		992,674
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(645,041)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		100,495
<b>Change in net position of governmental activities</b>	\$	(383,119)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,914,126	\$ 2,003,905	\$ 2,003,905	\$ -
Tuition. . . . .	411,679	430,988	430,988	-
Earnings on investments . . . . .	6,291	6,586	6,586	-
Other local revenues . . . . .	19,824	20,754	20,754	-
Intergovernmental - state . . . . .	9,380,607	9,820,587	9,820,587	-
Total revenues . . . . .	<u>11,732,527</u>	<u>12,282,820</u>	<u>12,282,820</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,919,732	5,746,816	5,684,730	62,086
Special. . . . .	1,101,693	1,159,193	1,124,112	35,081
Vocational. . . . .	186,088	186,088	172,827	13,261
Other. . . . .	15,500	2,600	2,570	30
Support services:				
Pupil. . . . .	453,494	521,994	517,166	4,828
Instructional staff . . . . .	340,018	353,518	346,926	6,592
Board of education . . . . .	72,395	47,320	46,481	839
Administration. . . . .	1,235,556	1,272,373	1,253,947	18,426
Fiscal . . . . .	262,778	350,078	338,535	11,543
Operations and maintenance. . . . .	1,234,536	1,228,836	1,162,388	66,448
Pupil transportation . . . . .	1,064,545	1,015,045	963,961	51,084
Central. . . . .	1,200	1,200	-	1,200
Other non-instructional services . . . . .	36,179	18,679	12,843	5,836
Extracurricular activities. . . . .	168,900	201,100	182,878	18,222
Facilities acquisition and construction . . . . .	12,000	57,700	57,317	383
Total expenditures . . . . .	<u>12,104,614</u>	<u>12,162,540</u>	<u>11,866,681</u>	<u>295,859</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(372,087)</u>	<u>120,280</u>	<u>416,139</u>	<u>295,859</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	132,235	138,437	138,437	-
Refund of prior year's receipts. . . . .	-	(2,300)	(2,287)	13
Transfers (out). . . . .	(180,000)	(250,000)	(229,115)	20,885
Advances in. . . . .	263	275	275	-
Total other financing sources (uses) . . . . .	<u>(47,502)</u>	<u>(113,588)</u>	<u>(92,690)</u>	<u>20,898</u>
Net change in fund balance . . . . .	(419,589)	6,692	323,449	316,757
<b>Fund balance at beginning of year . . . . .</b>	<b>4,544,333</b>	<b>4,544,333</b>	<b>4,544,333</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>120,286</b>	<b>120,286</b>	<b>120,286</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 4,245,030</u></b>	<b><u>\$ 4,671,311</u></b>	<b><u>\$ 4,988,068</u></b>	<b><u>\$ 316,757</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 238,242	\$ 65,850
Receivables:		
Accrued interest. . . . .	267	-
Total assets. . . . .	<u>238,509</u>	<u>\$ 65,850</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,560
Due to students. . . . .	-	64,290
Total liabilities . . . . .	<u>-</u>	<u>\$ 65,850</u>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	<u>238,509</u>	
Total net position. . . . .	<u>\$ 238,509</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 562
Gifts and contributions. . . . .	11,700
Total additions. . . . .	12,262
<b>Deductions:</b>	
Payments in accordance with trust agreements. . . . .	12,115
Change in net position . . . . .	147
<b>Net position at beginning of year. . . . .</b>	<b>238,362</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 238,509</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Nelsonville-York City School District (the "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 District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District is governed by a five-member Board of Education (the "Board") elected by its citizens, which is responsible for the provision of public education to residents of the District.

The District's facilities are staffed by 64 classified employees and 97 certified employees who provide services to 1,256 students and other community members.

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

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

**A. Reporting Entity**

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Parent Teacher Organization  
Athens-Meigs Educational Service Center  
Booster Club

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

*JOINTLY GOVERNED ORGANIZATIONS*

Tri-County Career Center

The Tri-County Career Center (the "Career Center") is a jointly governed organization providing vocational services to its eight member districts, governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2015, the District made no contributions to the Career Center. Financial information can be obtained from Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Southeastern Ohio Voluntary Education Cooperative

The District is a participant among a ten county consortium of school districts to operate the Southeastern Ohio Voluntary Education Cooperative (SEOVEC). 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 districts. SEOVEC is governed by a board of directors consisting of one representative from each of the participating districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The District paid \$83,686 to SEOVEC for services provided during the year. Financial information for SEOVEC can be obtained from their administrative offices at P.O. Box 1250, Athens, Ohio 45701.

Athens County School Employees Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association (the "Association"). The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 98, Dola, Ohio 45835.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

*GROUP PURCHASING POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation benefits as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 Plan to cover the costs of administering the program.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of fiscal year end.

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

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

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

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

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

**E. Budgets**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount of the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each function for the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as original budgeted amounts reflect amounts on the certificate of estimated resources in effect when the permanent appropriations were passed. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2015.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during fiscal year 2015.

**F. Cash and Investments**

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

During fiscal year 2015, investments were limited to nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 \$6,586 which includes \$1,944 assigned from other District funds.

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

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

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated food, purchased food and school supplies held for resale. The cost of inventory items is recorded as an expenditure in the governmental funds when consumed, used or sold. Commodities are presented at their entitlement value.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains its capitalization threshold at \$5,000. The 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 and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	15 - 50 years
Buildings and improvements	15 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 - 15 years

**I. 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.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

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

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

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

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

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

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

**M. Net Position**

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**N. Estimates**

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

**O. Interfund Activity**

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

**P. Bond Premium and Discount/Deferred Charge on Refunding**

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow on the government-wide financial statements.

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

**Q. Prepayments**

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

**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. The District had one special item in fiscal year 2015. The District performed the final close-out process of the Ohio Facilities Construction Commission (OFCC) construction project. Since the construction project came in under budget, the District was required, under the terms of the project agreement, to refund a portion of the remaining funds to the OFCC. The amount of the refund is presented as a special item on the financial statements in the amount of \$485,454. The District had no extraordinary items in fiscal year 2015.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

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

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

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District’s pension plan disclosures, as presented in Note 12 to the financial statements, and added required supplementary information which is presented on pages 66-72.

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

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

	Governmental Activities
Net position as previously reported	\$ 16,861,348
Deferred outflows - payments subsequent to measurement date	900,535
Net pension liability	(18,004,286)
Restated net position at July 1, 2014	\$ (242,403)

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 38,158
Title I	98,678
Miscellaneous federal grants	2,511

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$2,658,729, which is exclusive of STAR Ohio reported as an investment below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$229,719 of the District's bank balance of \$2,714,938 was exposed to custodial risk as discussed below, while \$2,485,219 was covered by the FDIC.

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

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ <u>4,477,463</u>	\$ <u>4,477,463</u>

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address risk beyond requiring the District to only invest in securities authorized by State statute.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk beyond the requirements of State statute.

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

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
STAR Ohio	\$ <u>4,477,463</u>	<u>100.00%</u>

**C. Reconciliation of Cash and Investment to the Statement of Net Position**

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,658,729
Investments	<u>4,477,463</u>
Total	<u>\$ 7,136,192</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,832,100
Private-purpose trust fund	238,242
Agency fund	<u>65,850</u>
Total	<u>\$ 7,136,192</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 129,115
Nonmajor governmental funds	100,000
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>125,684</u>
Total	<u>\$ 354,799</u>

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

The transfers to nonmajor governmental funds from nonmajor governmental funds were made during the close-out process of the construction project.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

The District receives property taxes from Athens and Hocking Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$196,577 in the general fund, \$25,270 in the bond retirement fund and \$3,503 in the classroom facilities maintenance fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$149,389 in the general fund, \$39,408 in the bond retirement fund and \$3,007 in the classroom facilities maintenance fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 85,585,440	85.43	\$ 86,091,630	84.52
Public utility personal	<u>14,592,570</u>	<u>14.57</u>	<u>15,764,520</u>	<u>15.48</u>
Total	<u>\$ 100,178,010</u>	<u>100.00</u>	<u>\$ 101,856,150</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 30.79		\$ 30.80	

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of property taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 2,207,891
Intergovernmental	119,854
Accrued interest	<u>578</u>
Total	<u>\$ 2,328,323</u>

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

**NOTE 8 - CAPITAL ASSETS**

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

	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/15</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 135,512	\$ -	\$ -	\$ 135,512
Construction in progress	<u>-</u>	<u>428,591</u>	<u>-</u>	<u>428,591</u>
Total capital assets, not being depreciated	<u>135,512</u>	<u>428,591</u>	<u>-</u>	<u>564,103</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,805,647	8,580	-	1,814,227
Building and improvements	22,381,001	138,581	-	22,519,582
Furniture, fixtures and equipment	845,999	46,724	-	892,723
Vehicles	<u>1,504,203</u>	<u>85,372</u>	<u>-</u>	<u>1,589,575</u>
Total capital assets, being depreciated	<u>26,536,850</u>	<u>279,257</u>	<u>-</u>	<u>26,816,107</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(923,137)	(85,868)	-	(1,009,005)
Building and improvements	(8,098,857)	(584,134)	-	(8,682,991)
Furniture and equipment	(477,150)	(49,798)	-	(526,948)
Vehicles	<u>(1,173,852)</u>	<u>(67,338)</u>	<u>-</u>	<u>(1,241,190)</u>
Total accumulated depreciation	<u>(10,672,996)</u>	<u>(787,138)</u>	<u>-</u>	<u>(11,460,134)</u>
Governmental activities capital assets, net	<u>\$ 15,999,366</u>	<u>\$ (79,290)</u>	<u>\$ -</u>	<u>\$ 15,920,076</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 409,405
Other instruction	969

Support services:

Instructional staff	4,051
Administration	1,154
Operations and maintenance	35,663
Pupil transportation	67,811
Extracurricular activities	9,439
Food service operations	10,304
Unallocated depreciation	<u>248,342</u>
Total depreciation expense	<u>\$ 787,138</u>

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**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - LONG-TERM OBLIGATIONS**

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

	Issue Date	Interest Rate	Restated Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Amounts Due in One Year
<b>Governmental activities:</b>							
General obligation bonds:							
Refunding bonds	2006	3 - 5.25%	\$ 720,000	\$ -	\$ (180,000)	\$ 540,000	\$ 185,000
School improvement bonds	2006	3 - 5.25%	2,215,000	-	(2,215,000)	-	-
Refunding bonds:							
Current interest bonds	2014	2 - 4%	2,100,000	-	(45,000)	2,055,000	35,000
Capital appreciation bonds			35,000	-	-	35,000	-
Accreted interest			7,006	26,694	-	33,700	-
Refunding bonds:							
Current interest bonds	2015	2 - 4%	-	2,025,000	-	2,025,000	155,000
Total general obligation bonds			<u>5,077,006</u>	<u>2,051,694</u>	<u>(2,440,000)</u>	<u>4,688,700</u>	<u>375,000</u>
Other long-term obligations:							
Lease-purchase agreement		4.57 - 6.87%	464,000	-	(108,000)	356,000	113,000
Net pension liability			18,004,286	-	(2,850,084)	15,154,202	-
Compensated absences payable			<u>601,917</u>	<u>17,493</u>	<u>(147,132)</u>	<u>472,278</u>	<u>133,530</u>
Total governmental activities long-term liabilities			<u>\$ 24,147,209</u>	<u>\$ 2,069,187</u>	<u>\$(5,545,216)</u>	20,671,180	<u>\$ 621,530</u>
Add: unamortized premium						<u>391,569</u>	
Total on statement of net position						<u>\$ 21,062,749</u>	

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund. The general obligation bonds and the lease-purchase agreement are paid from the bond retirement fund. See Note 12 for detail on the District's net pension liability.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Series 2006 school improvement and refunding general obligation bonds - On July 12, 2005, the District issued \$6,970,000 of general obligation bonds which included serial and term bonds in the amount of \$3,850,000 and \$3,120,000, respectively. The total production from the sale of the bonds (including bond premium of \$78,000) were used to (1) retire \$2,500,000 in previously issued bond anticipation notes issues for constructing school facilities, constructing additions to and renovating and improving existing school facilities, furnishing and equipping the same and landscaping and improving sites, (2) retire \$2,708,000 of previously issued bond anticipation notes issued to finance the local share portion of construction under the State of Ohio Classroom Facilities Assistance Program through the Ohio Facilities Construction Commission (formerly known as the Ohio School Facilities Commission), and (3) to advance refund \$1,840,000 of Series 1996 School Facilities and Construction Bonds. The interest rates on the serial bonds range between 3.00 - 5.25% with a final stated maturity of December 1, 2025. The interest rates on the term bonds range between 4.125 - 5.00% with a final stated maturity of December 1, 2032. The general obligation bonds are paid from the bond retirement fund.

A portion of the bond proceeds were used to advance refund \$1,840,000 of the Series 1996 School Facilities and Construction Bonds which had a stated maturity of December 1, 2018. Proceeds of \$1,949,570 (including premium and after underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent (Huntington National Bank, Cincinnati, Ohio) to provide for all future debt payments on the refunded Series 1996 general obligation bonds. As a result, \$1,840,000 of these bonds were considered defeased and the liability for the refunded portion of these bonds has been removed from the statement of net position. As of June 30, 2015, the balance of the refunded bonds is \$740,000.

On January 21, 2014, the District issued \$2,135,000 (series 2014 refunding general obligation bonds) to advance refund the callable portion of the bonds. The refunded portions of the series 2006 bonds included portions of the serial bonds and portions of the term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

On January 15, 2015, the District issued \$2,025,000 (series 2015 refunding general obligation bonds) to advance refund the callable portion of the bonds. The refunded portions of the series 2006 bonds included portions of the serial bonds and portions of the term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

Series 2014 refunding general obligation bonds - On January 21, 2014, the District issued general obligation bonds (series 2014 refunding bonds) to advance refund the callable portion of the series 2006 school improvement and refunding general obligation bonds. The issuance proceeds of \$2,370,316 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt and to pay the issuance costs of \$75,243. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$2,140,000 at June 30, 2015.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The 2014 refunding issue is comprised of both current interest bonds, par value \$2,100,000, and capital appreciation bonds, par value \$35,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The capital appreciation bonds mature on December 1, 2017 (approximate initial offering yield to maturity 1.80%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$235,000. A total of \$33,700 in accreted interest on the capital appreciation bonds has been included on the statement of net position at June 30, 2015. The bonds will be retired through the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$155,073. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2025.

*Series 2015 refunding general obligation bonds* - On January 15, 2015, the District issued general obligation bonds (series 2015 refunding bonds) to advance refund the callable portion of the series 2006 school improvement and refunding general obligation bonds. The issuance proceeds of \$2,204,504 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt and to pay the issuance costs of \$63,699. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$2,095,000 at June 30, 2015.

At June 30, 2015, the refunding issue is comprised of current interest bonds, par value \$2,025,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The bonds will be retired through the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,979. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$192,602 and resulted in an economic gain of \$143,980.

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2032.

*Lease purchase agreement* - In September 2007, the District entered into a \$1,011,000 lease purchase agreement at an interest rate of 4.80% through the OASBO pooled funding program to fund the local share of a project amendment under the construction project with the Ohio Facilities Construction Commission. The funds are to be repaid over a ten year period beginning in August 2009 from the bond retirement fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the general obligation bonds and the lease-purchase agreement:

Year Ended	2006 Refunding Bonds			2015 Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 185,000	\$ 20,987	\$ 205,987	\$ 155,000	\$ 76,350	\$ 231,350
2017	195,000	12,875	207,875	-	74,800	74,800
2018	160,000	4,000	164,000	-	74,800	74,800
2019	-	-	-	-	74,800	74,800
2020	-	-	-	-	74,800	74,800
2021 - 2025	-	-	-	-	374,000	374,000
2026 - 2030	-	-	-	995,000	296,100	1,291,100
2031 - 2033	-	-	-	875,000	53,500	928,500
Total	<u>\$ 540,000</u>	<u>\$ 37,862</u>	<u>\$ 577,862</u>	<u>\$ 2,025,000</u>	<u>\$ 1,099,150</u>	<u>\$ 3,124,150</u>

Year Ended	2014 Refunding Bonds			2014 Refunding Bonds		
	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 35,000	\$ 58,875	\$ 93,875	\$ -	\$ -	\$ -
2017	180,000	56,725	236,725	-	-	-
2018	-	54,925	54,925	35,000	200,000	235,000
2019	415,000	50,775	465,775	-	-	-
2020	190,000	44,250	234,250	-	-	-
2021 - 2025	1,015,000	131,687	1,146,687	-	-	-
2026	220,000	4,400	224,400	-	-	-
Total	<u>\$ 2,055,000</u>	<u>\$ 401,637</u>	<u>\$ 2,456,637</u>	<u>\$ 35,000</u>	<u>\$ 200,000</u>	<u>\$ 235,000</u>

Year Ended	Lease Purchase Agreement		
	Principal	Interest	Total
2016	\$ 113,000	\$ 14,825	\$ 127,825
2017	119,000	9,084	128,084
2018	124,000	3,069	127,069
Total	<u>\$ 356,000</u>	<u>\$ 26,978</u>	<u>\$ 382,978</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$5,604,186 (including available funds of \$1,092,132) and an unvoted debt margin of \$101,856.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 320 days for certified employees and 328 days for classified employees. Upon retirement, payment is made for 25% of an employee's accumulated sick leave up to a maximum of 80 days for certified employees and 82 days for classified employees. Effective August 1, 2014, certified employees are guaranteed a payment for at least 20 days sick leave regardless of their accumulated sick leave balance. This will remain in effect until the 2016 - 2017 school year.

**B. Insurance Benefits**

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employees Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Reed & Baur Ohio Casualty Insurance for various types of insurance as follows:

Coverage Type	Coverage Amount
Building and contents (\$1,000 deductible)	\$ 47,382,829
Automobile liability (\$100 deductible):	
Per person	1,000,000
Per accident	1,000,000
Uninsured motorists (\$100 deductible):	
Per person	1,000,000
Per accident	1,000,000
General liability:	
Per occurrence	2,000,000
Total per year	2,000,000
Public official bonds:	
Treasurer	100,000
Superintendent/Board President (each)	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**B. Workers' Compensation**

For fiscal year 2015, the District participated in the Ohio School Board Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$237,321 for fiscal year 2015. Of this amount \$33,046 is reported as pension and postemployment obligation payable.

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$755,353 for fiscal year 2015. Of this amount, \$123,048 is reported as pension and postemployment obligation payable.

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,923,454	\$ 12,230,748	\$ 15,154,202
Proportion of the net pension liability	0.05776500%	0.05028375%	
Pension expense	\$ 170,604	\$ 474,437	\$ 645,041

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 24,882	\$ 117,748	\$ 142,630
Difference between District contributions and proportionate share of contributions	-	-	-
District contributions subsequent to the measurement date	<u>237,321</u>	<u>755,353</u>	<u>992,674</u>
Total deferred outflows of resources	<u>\$ 262,203</u>	<u>\$ 873,101</u>	<u>\$ 1,135,304</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 474,485	\$ 2,262,735	\$ 2,737,220
Difference between District contributions and proportionate share of contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 474,485</u>	<u>\$ 2,262,735</u>	<u>\$ 2,737,220</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$992,674 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (112,400)	\$ (536,247)	\$ (648,647)
2017	(112,400)	(536,247)	(648,647)
2018	(112,400)	(536,247)	(648,647)
2019	(112,403)	(536,246)	(648,649)
Total	\$ (449,603)	\$ (2,144,987)	\$ (2,594,590)

***Actuarial Assumptions - SERS***

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 4,170,900	\$ 2,923,454	\$ 1,874,244

***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 %	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 17,509,650	\$ 12,230,748	\$ 7,766,574

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$31,547.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$44,055, \$31,348, and \$28,857, respectively. For fiscal year 2015, 87.55 percent has been contributed, with the balance being reported as pension and postemployment obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$52,717, and \$55,295 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 323,449
Net adjustment for revenue accruals	115,556
Net adjustment for expenditure accruals	78,152
Net adjustment for other sources/uses	(136,425)
Funds budgeted elsewhere	8,087
Adjustment for encumbrances	22,200
GAAP basis	\$ 411,019

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and uniform school supplies fund.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 15 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	215,462
Current year qualifying expenditures	(230,979)
Current year offsets	<u>(87,316)</u>
Total	<u>\$ (102,833)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

**NOTE 16 - CONTINGENCIES - (Continued)**

**C. Foundation Funding**

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

**NOTE 17 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 12,949
Other governmental	<u>92,433</u>
Total	<u>\$ 105,382</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.05776500%	0.05776500%
District's proportionate share of the net pension liability	\$ 2,923,454	\$ 3,435,099
District's covered-employee payroll	\$ 1,678,543	\$ 1,619,595
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	212.10%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.05028375%	0.05028375%
District's proportionate share of the net pension liability	\$ 12,230,748	\$ 14,569,187
District's covered-employee payroll	\$ 5,137,608	\$ 5,529,531
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	263.48%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 237,321	\$ 232,646	\$ 224,152	\$ 227,968	\$ 229,505
Contributions in relation to the contractually required contribution	<u>(237,321)</u>	<u>(232,646)</u>	<u>(224,152)</u>	<u>(227,968)</u>	<u>(229,505)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 1,800,615	\$ 1,678,543	\$ 1,619,595	\$ 1,694,929	\$ 1,825,815
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 247,916	\$ 190,451	\$ 184,172	\$ 185,573	\$ 174,870
<u>(247,916)</u>	<u>(190,451)</u>	<u>(184,172)</u>	<u>(185,573)</u>	<u>(174,870)</u>
<u>\$ -</u>				
\$ 1,830,990	\$ 1,935,478	\$ 1,875,479	\$ 1,737,575	\$ 1,652,836
13.54%	9.84%	9.82%	10.68%	10.58%

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 755,353	\$ 667,889	\$ 718,839	\$ 736,701	\$ 739,552
Contributions in relation to the contractually required contribution	<u>(755,353)</u>	<u>(667,889)</u>	<u>(718,839)</u>	<u>(736,701)</u>	<u>(739,552)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 5,395,379	\$ 5,137,608	\$ 5,529,531	\$ 5,666,931	\$ 5,688,862
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 667,820	\$ 674,812	\$ 697,178	\$ 696,481	\$ 694,904
<u>(667,820)</u>	<u>(674,812)</u>	<u>(697,178)</u>	<u>(696,481)</u>	<u>(694,904)</u>
<u>\$ -</u>				
\$ 5,137,077	\$ 5,190,862	\$ 5,362,908	\$ 5,357,546	\$ 5,345,415
13.00%	13.00%	13.00%	13.00%	13.00%

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

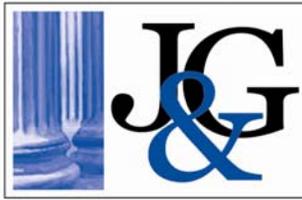
## **SUPPLEMENTARY INFORMATION**

NELSONVILLE-YORK CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(C)(D) <b>Child Nutrition Grant Cluster:</b> School Breakfast Program	10.553	2015	\$ 129,826	\$ 129,826
(D)(E) National School Lunch Program-Food Donations	10.555	2015	39,661	39,661
(C)(D) National School Lunch Program	10.555	2015	289,885	289,885
<b>Total National School Lunch Program</b>			<u>329,546</u>	<u>329,546</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Grant Cluster</b>			<u>459,372</u>	<u>459,372</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Title I Grants to Local Educational Agencies:</b>				
Title I Grants to Local Educational Agencies	84.010	2014	92,591	100,017
Title I Grants to Local Educational Agencies	84.010	2015	685,352	680,871
<b>Total Title I Grants to Local Educational Agencies</b>			<u>777,943</u>	<u>780,888</u>
<b>Special Education Grant Cluster:</b>				
(F) Special Education_Grants to States	84.027	2014	12,425	18,982
(F) Special Education_Grants to States	84.027	2015	295,237	294,989
<b>Total Special Education Grants to States</b>			<u>307,662</u>	<u>313,971</u>
(F) Special Education_Preschool Grants	84.173	2014	583	666
(F) Special Education_Preschool Grants	84.173	2015	4,649	4,629
<b>Total Special Education Preschool Grants</b>			<u>5,232</u>	<u>5,295</u>
<b>Total Special Education Grant Cluster</b>			<u>312,894</u>	<u>319,266</u>
Rural Education	84.358	2014	6,828	8,371
Rural Education	84.358	2015	23,320	17,731
<b>Total Rural Education</b>			<u>30,148</u>	<u>26,102</u>
Improving Teacher Quality State Grants	84.367	2014	11,502	13,118
Improving Teacher Quality State Grants	84.367	2015	81,186	80,808
<b>Total Improving Teacher Quality State Grants</b>			<u>92,688</u>	<u>93,926</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395A	2015	3,500	3,400
<b>Total ARRA - SFSF - Education State Grants, Recovery Act</b>			<u>3,500</u>	<u>3,400</u>
<b>Total U.S. Department of Education</b>			<u>1,217,173</u>	<u>1,223,582</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,676,545</u>	<u>\$ 1,682,954</u>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**

- (A) OAKS did not assign pass-through numbers for fiscal year 2015.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards***

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nelsonville-York City School District, Athens County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Nelsonville-York City School District's basic financial statements and have issued our report thereon dated November 24, 2015, wherein we noted as discussed in Note 3, the Nelsonville-York City School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Nelsonville-York City 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 Nelsonville-York City School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Nelsonville-York City 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.

Board of Education  
Nelsonville-York City School District

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Nelsonville-York City 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 Nelsonville-York City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
November 24, 2015



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**Independent Auditor's Report on Compliance With Requirements Applicable to The  
Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

To the Board of Education:

***Report on Compliance for the Major Federal Program***

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

***Management's Responsibility***

The Nelsonville-York City 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 Nelsonville-York City School District's compliance for the Nelsonville-York City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Nelsonville-York City 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 Nelsonville-York City School District's major program. However, our audit does not provide a legal determination of the Nelsonville-York City School District's compliance.

Board of Education  
Nelsonville-York City School District

***Opinion on the Major Federal Program***

In our opinion, the Nelsonville-York City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2015.

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

The Nelsonville-York City 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 Nelsonville-York City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Nelsonville-York City 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.



Julian & Grube, Inc.  
November 24, 2015

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY, OHIO**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Child Nutrition Grant Cluster: School Breakfast Program (CFDA #10.553) and National School Lunch Program (CFDA #10.555)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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# Dave Yost • Auditor of State

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 11, 2016**