



Dave Yost • Auditor of State



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

South Range Local School District  
Mahoning County  
11300 Columbiana Canfield Road, Suite B  
Canfield, Ohio 44406

To the Board of Education:

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

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

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

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

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

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

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

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

### **Opinion**

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

### **Emphasis of Matter**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, the Schedules of the District's Proportionate Share of the Net Pension Liability for School Employees Retirement System of Ohio and State Teachers Retirement System of Ohio, and the Schedules of District Contributions for School Employees Retirement System of Ohio and State Teachers Retirement System of Ohio, 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 District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures also 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 schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

March 22, 2016

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**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

The management's discussion and analysis of the South Range Local 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 fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$95,622, which represents a 140.05% increase from fiscal year 2014 as restated in Note 3.A.
- General revenues accounted for \$11,756,991 in revenue, or 80.66% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,818,118 in revenue, or 19.34% of total revenues of \$14,575,109.
- The District had \$14,479,487 in expenses related to governmental activities; \$2,818,118 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,756,991 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$12,346,899 in revenues and other financing sources and \$11,525,586 in expenditures. During fiscal year 2015, the general fund increased \$821,313 from a fund deficit of \$388,368 to a fund balance of \$432,945.
- The bond retirement fund had \$1,404,681 in revenues and \$1,340,162 in expenditures. During fiscal year 2015, the fund balance of the bond retirement fund increased \$64,519 from \$579,415 to \$643,934.

**Using these 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 the bond retirement fund are the most significant funds, and the only governmental funds reported as major funds.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**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 the District do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 19-20 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 14. 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 the 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 21-25 of this report.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

The District acts in a trustee capacity as an agent for individuals and/or other governments or organizations. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***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 27-61 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 63 through 70 in this report.

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**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**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 at 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	\$ 9,095,886	\$ 8,950,144
Capital assets, net	<u>33,500,734</u>	<u>34,768,723</u>
Total assets	<u>42,596,620</u>	<u>43,718,867</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	<u>1,100,940</u>	<u>894,328</u>
Total deferred outflows of resources	<u>1,100,940</u>	<u>894,328</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,308,508	1,345,609
Long-term liabilities:		
Due within one year	749,733	720,144
Due in more than one year:		
Net pension liability	15,119,501	17,965,745
Other amounts	<u>17,992,702</u>	<u>18,362,195</u>
Total liabilities	<u>35,170,444</u>	<u>38,393,693</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	5,628,497	6,151,226
Pensions	<u>2,734,721</u>	-
Total deferred inflows of resources	<u>8,363,218</u>	<u>6,151,226</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	15,831,724	16,899,561
Restricted	674,540	386,572
Unrestricted (deficit)	<u>(16,342,366)</u>	<u>(17,217,857)</u>
Total net position	<u>\$ 163,898</u>	<u>\$ 68,276</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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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 \$17,139,693 to \$68,276.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$163,898.

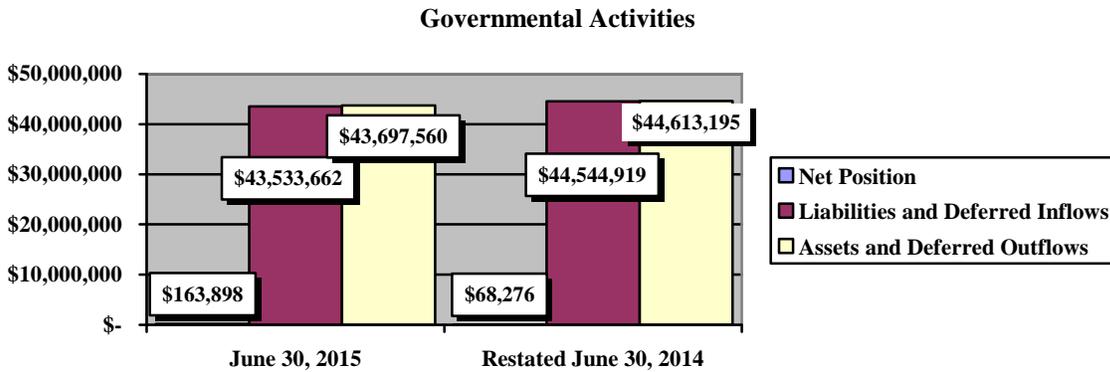
**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

At year end, capital assets represented 78.65% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2015 was \$15,831,724. 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, \$674,540, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$16,342,366.

The graph below illustrates the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2015 and June 30, 2014. The amounts at June 30, 2014 have been restated as described in Note 3.A.



The table below shows the changes in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 have been restated as described in Note 3.A.

	<b>Change in Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,735,310	\$ 990,643
Operating grants and contributions	1,082,808	1,045,318
General revenues:		
Property taxes	6,382,647	6,121,743
Grants and entitlements	5,261,867	5,241,007
Investment earnings	690	508
Miscellaneous	111,787	76,311
<b>Total revenues</b>	<b>\$ 14,575,109</b>	<b>\$ 13,475,530</b>

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**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

	<b>Change in Net Position (Continued)</b>	
	Governmental	Restated
	Activities	Governmental Activities
	<u>2015</u>	<u>2014</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 6,484,492	\$ 6,567,734
Special	1,296,236	1,306,761
Vocational	98,384	141,685
Other	483,730	540,031
Support services:		
Pupil	347,865	356,792
Instructional staff	388,173	472,356
Board of education	55,270	30,012
Administration	817,932	816,332
Fiscal	415,008	421,491
Operations and maintenance	1,186,302	1,155,751
Pupil transportation	926,774	974,424
Central	127,939	86,502
Operation of non-instructional services:		
Other non-instructional services	26,249	1,701
Food service operations	416,764	348,457
Extracurricular activities	544,032	594,284
Interest and fiscal charges	864,337	894,459
Total expenses	<u>14,479,487</u>	<u>14,708,772</u>
Change in net position	95,622	(1,233,242)
Net position at beginning of year (restated)	<u>68,276</u>	<u>N/A</u>
Net position at end of year	<u>\$ 163,898</u>	<u>\$ 68,276</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 \$894,328 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 \$640,317.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

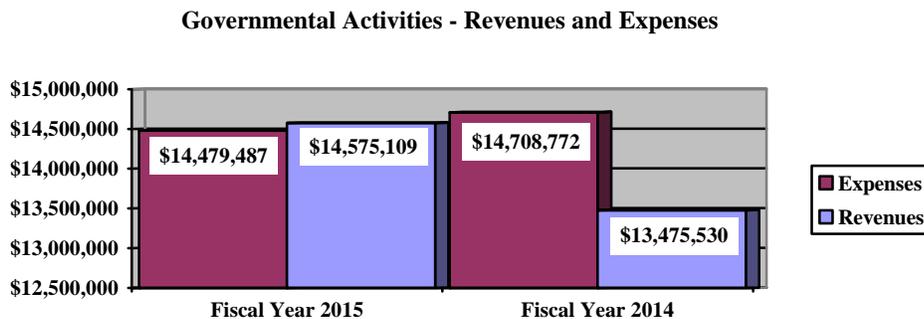
Total 2015 program expenses under GASB 68	\$ 14,479,487
Pension expense under GASB 68	(640,317)
2015 contractually required contributions	<u>958,452</u>
Adjusted 2015 program expenses	14,797,622
Total 2014 program expenses under GASB 27	<u>14,708,772</u>
Increase in program expenses not related to pension	<u>\$ 88,850</u>

Net position of the District's governmental activities increased \$95,622. Total governmental expenses of \$14,479,487 were offset by program revenues of \$2,818,118 and general revenues of \$11,756,991. Program revenues supported 19.46% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 79.89% of total governmental revenues. The increase in charges for services and sales is primarily due to a significant amount of open enrollment tuition received by the District during fiscal year 2015. The increase in operating grants and contributions is mainly due to an increase in the amount of special education funding received from the State through foundation payments made during fiscal year 2015. The increase in miscellaneous revenue is attributable to an increase in contributions and donations made to the District's general fund during fiscal year 2015.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,362,842 or 57.76% of total governmental expenses for fiscal year 2015.

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



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 for fiscal years 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues of the District.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

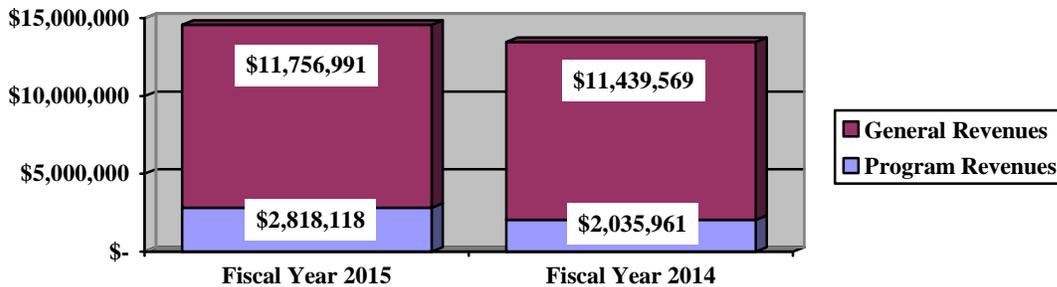
**Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,484,492	\$ 5,068,904	\$ 6,567,734	\$ 5,829,684
Special	1,296,236	670,457	1,306,761	714,679
Vocational	98,384	88,217	141,685	130,452
Other	483,730	483,730	540,031	540,031
Support services:				
Pupil	347,865	347,865	356,792	356,792
Instructional staff	388,173	382,773	472,356	466,956
Board of education	55,270	55,270	30,012	30,012
Administration	817,932	762,404	816,332	760,392
Fiscal	415,008	415,008	421,491	421,491
Operations and maintenance	1,186,302	1,183,104	1,155,751	1,152,475
Pupil transportation	926,774	893,811	974,424	931,393
Central	127,939	127,939	86,502	86,502
Operation of non-instructional services:				
Other non-instructional services	26,249	26,249	1,701	1,701
Food service operations	416,764	36,291	348,457	18,133
Extracurricular activities	544,032	255,010	594,284	337,659
Interest and fiscal charges	864,337	864,337	894,459	894,459
<b>Total expenses</b>	<b>\$ 14,479,487</b>	<b>\$ 11,661,369</b>	<b>\$ 14,708,772</b>	<b>\$ 12,672,811</b>

The dependence upon taxes and other general revenues for governmental activities is apparent, as 75.47% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.54%. The District's taxpayers and grants and entitlements not restricted to specific programs are by far the primary support for the District's students.

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

**Governmental Activities - General and Program Revenues**



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$1,430,273, which is higher than last year's total balance of \$556,353. The table below indicates the fund balance and the total change in fund balance as of June 30, 2015 and June 30, 2014.

	Fund Balance June 30, 2015	Fund Balance (Deficit) June 30, 2014	Change	Percentage Change
General	\$ 432,945	\$ (388,368)	\$ 821,313	211.48 %
Bond retirement	643,934	579,415	64,519	11.14 %
Nonmajor governmental	<u>353,394</u>	<u>365,306</u>	<u>(11,912)</u>	(3.26) %
Total	<u>\$ 1,430,273</u>	<u>\$ 556,353</u>	<u>\$ 873,920</u>	157.08 %

**General Fund**

The District's general fund increased from a fund deficit of \$388,368 to a fund balance of \$432,945 during fiscal year 2015.

The table that follows assists in illustrating the financial activities and fund balance of the general fund for fiscal years 2015 and 2014.

	2015 Amount	2014 Amount	Change	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 5,231,044	\$ 4,910,802	\$ 320,242	6.52 %
Tuition	1,195,458	511,380	684,078	133.77 %
Earnings on investments	656	485	171	35.26 %
Intergovernmental	5,583,963	5,547,853	36,110	0.65 %
Other revenues	<u>267,314</u>	<u>212,187</u>	<u>55,127</u>	25.98 %
Total	<u>\$ 12,278,435</u>	<u>\$ 11,182,707</u>	<u>\$ 1,095,728</u>	9.80 %
<b><u>Expenditures</u></b>				
Instruction	\$ 7,011,220	\$ 6,724,902	\$ 286,318	4.26 %
Support services	4,073,649	4,146,630	(72,981)	(1.76) %
Non-instructional services	2,128	1,701	427	25.10 %
Extracurricular activities	339,034	370,058	(31,024)	(8.38) %
Facilities acquisition and construction	18,171	16,378	1,793	10.95 %
Capital outlay	68,464	-	68,464	- %
Debt service	<u>12,920</u>	<u>-</u>	<u>12,920</u>	- %
Total	<u>\$ 11,525,586</u>	<u>\$ 11,259,669</u>	<u>\$ 265,917</u>	2.36 %

Overall revenues of the general fund increased \$1,095,728 or 9.80%. Tuition increased \$684,078 primarily due to a significant amount of open enrollment receipts reported by the District during fiscal year 2015. Tax revenue increased \$320,242 due to an increase in assessed values during fiscal year 2015. Other revenues increased \$55,127 or 25.98% mainly due to an increase in other local revenues received by the District. All other revenue classifications remained comparable to the prior fiscal year.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

Overall expenditures of the general fund increased \$265,917 or 2.36%. Instruction services increased \$286,318 due to cost of living increases. Support services expenditures decreased during fiscal year 2015 primarily due to the District's continued effort to alleviate personnel costs. All other expenditure classifications remained comparable to the prior fiscal year.

***Bond Retirement Fund***

The bond retirement fund had \$1,404,681 in revenues and \$1,340,162 in expenditures. During fiscal year 2015, the fund balance of the bond retirement fund increased \$64,519 from \$579,415 to \$643,934.

***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.

For the general fund, original budgeted revenues and other financing sources of \$11,164,903 were equal to final budgeted amounts. Actual revenues and other financing sources for fiscal year 2015 totaled \$12,297,617 and were \$1,132,714 more than the final budgeted amounts.

General fund original appropriations of \$11,521,650 were increased to \$11,692,632 in the final budgeted amounts. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$11,692,024 and were \$608 less than the final budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the District had 33,500,734 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2015 balances compared to June 30, 2014.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Land	\$ 107,195	\$ 107,195
Land improvements	2,185,879	2,369,326
Buildings and improvements	29,888,521	30,791,030
Furniture and equipment	1,138,742	1,290,538
Vehicles	180,397	210,634
Total	\$ 33,500,734	\$ 34,768,723

The overall decrease in capital assets of \$1,267,989 is due to depreciation expense of \$1,328,193 and net capital asset disposals of \$27,050 exceeding capital outlays of \$87,254.

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

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

***Debt Administration***

At June 30, 2015, the District had \$17,840,451 in governmental activity debt outstanding. The following table summarizes the District's long-term obligations at June 30, 2015 and June 30, 2014.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Current interest bonds	\$ 17,255,000	\$ 17,255,000
Capital appreciation bonds	141,665	309,996
Accreted interest	385,580	660,586
Capital lease obligation	<u>58,206</u>	<u>-</u>
Total	<u>\$ 17,840,451</u>	<u>\$ 18,225,582</u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Management believes that the District will remain financially solvent through fiscal year 2018. The district has adopted an open enrollment policy and the students coming in from other districts are greatly enhancing revenue. All emergency levies for the District have been renewed for ten years. The next renewal will occur in calendar year 2019.

All Ohio public school districts are experiencing financial challenges due to the economy and the State of Ohio's revenue shortfalls caused by tax reductions, which ultimately affects funding. The District receives about 42% of its general fund cash revenue via State foundation program payments.

Drastic cuts and phase-outs of business taxes as well as personal income tax cuts have greatly affected the income stream to the State of Ohio, and of all governmental agencies. It is said in physics that for every action, there is an equal and opposite reaction. Many tax related actions have occurred – the equal and opposite reactions continue to be identified and weighed. They include operating expense cuts, the request of an additional levy to raise revenue, and the exploration of expanding open enrollment.

Administrators and teachers have written and secured over \$500,000 in governmental and private grants during the 2014/2015 school year. These grants are an important part of maintaining reasonable local funding requests from the community. New money issues have been passed every eight years since 1988 (1996, 2004). The rule of thumb for Ohio public school districts in terms of new money levy requests is about every three to five years. The District is asking for voter support for a 3.9 mill levy that will be placed on the November 4, 2014 ballot to increase the likelihood of maintaining current programming with no further cuts.

The Auditor of the State of Ohio audits the District's finances once a year. Two to three auditors from the State Auditor's office conduct a thorough audit, usually taking two to three months. Internal controls are audited, as well as a sample of actual transactions to provide reasonable assurance that the finances of the District are conducted with accuracy and integrity. The District's biggest concern at this point is the economy and the conditions it is creating for constituents and businesses alike.

Today's economic environment is showing signs of improvement. However, the positive change is slow and somewhat delicate due to the uncertainty of the worldwide political environment.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James R. Phillips, Treasurer, South Range Local School District, 11300 Columbiana Canfield Rd., Suite B, Canfield, Ohio 44406.

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**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,661,127
Receivables:	
Property taxes . . . . .	6,262,011
Accounts. . . . .	50,272
Intergovernmental . . . . .	92,880
Prepayments . . . . .	670
Inventory held for resale. . . . .	28,034
Loans receivable. . . . .	892
Capital assets:	
Nondepreciable capital assets . . . . .	107,195
Depreciable capital assets, net. . . . .	33,393,539
Capital assets, net . . . . .	33,500,734
Total assets. . . . .	42,596,620
 <b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	857,610
Pension - SERS . . . . .	243,330
Total deferred outflows of resources . . . . .	1,100,940
 <b>Liabilities:</b>	
Accounts payable. . . . .	37,169
Accrued wages and benefits payable . . . . .	988,988
Intergovernmental payable . . . . .	41,341
Pension and postemployment benefits payable. . . . .	182,324
Accrued interest payable . . . . .	58,686
Long-term liabilities:	
Due within one year. . . . .	749,733
Due in more than one year:	
Net pension liability . . . . .	15,119,501
Other amounts due in more than one year . . . . .	17,992,702
Total liabilities . . . . .	35,170,444
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	5,628,497
Pension - STRS. . . . .	2,288,271
Pension - SERS. . . . .	446,450
Total deferred inflows of resources . . . . .	8,363,218
 <b>Net position:</b>	
Net investment in capital assets . . . . .	15,831,724
Restricted for:	
Capital projects . . . . .	101,639
Classroom facilities maintenance . . . . .	209,961
Debt service. . . . .	199,668
Locally funded programs . . . . .	3,000
State funded programs. . . . .	2,429
Federally funded programs . . . . .	597
Student activities . . . . .	37,428
Other purposes . . . . .	119,818
Unrestricted (deficit) . . . . .	(16,342,366)
Total net position. . . . .	\$ 163,898

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,484,492	\$ 1,224,400	\$ 191,188	\$ (5,068,904)
Special . . . . .	1,296,236	-	625,779	(670,457)
Vocational . . . . .	98,384	-	10,167	(88,217)
Other . . . . .	483,730	-	-	(483,730)
Support services:				
Pupil . . . . .	347,865	-	-	(347,865)
Instructional staff . . . . .	388,173	-	5,400	(382,773)
Board of education . . . . .	55,270	-	-	(55,270)
Administration . . . . .	817,932	-	55,528	(762,404)
Fiscal . . . . .	415,008	-	-	(415,008)
Operations and maintenance . . . . .	1,186,302	3,198	-	(1,183,104)
Pupil transportation . . . . .	926,774	-	32,963	(893,811)
Central . . . . .	127,939	-	-	(127,939)
Operation of non-instructional services:				
Other non-instructional services . . . . .	26,249	-	-	(26,249)
Food service operations . . . . .	416,764	241,712	138,761	(36,291)
Extracurricular activities . . . . .	544,032	266,000	23,022	(255,010)
Interest and fiscal charges . . . . .	864,337	-	-	(864,337)
<b>Total governmental activities . . . . .</b>	<b>\$ 14,479,487</b>	<b>\$ 1,735,310</b>	<b>\$ 1,082,808</b>	<b>(11,661,369)</b>

<b>General revenues:</b>	
Property taxes levied for:	
General purposes . . . . .	5,100,419
Debt service . . . . .	1,203,960
Special revenue . . . . .	78,268
Grants and entitlements not restricted	
to specific programs . . . . .	5,261,867
Investment earnings . . . . .	690
Miscellaneous . . . . .	111,787
<b>Total general revenues . . . . .</b>	<b>11,756,991</b>
Change in net position . . . . .	95,622
<b>Net position at beginning of year (restated) . . . . .</b>	<b>68,276</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 163,898</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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. . . . .	\$ 1,665,300	\$ 643,934	\$ 351,893	\$ 2,661,127
Receivables:				
Property taxes. . . . .	5,017,168	1,169,810	75,033	6,262,011
Accounts . . . . .	50,272	-	-	50,272
Interfund loans . . . . .	4,464	-	-	4,464
Intergovernmental. . . . .	76,965	-	15,915	92,880
Prepayments. . . . .	670	-	-	670
Inventory held for resale. . . . .	7,433	-	20,601	28,034
Loans receivable. . . . .	892	-	-	892
Total assets . . . . .	<u>\$ 6,823,164</u>	<u>\$ 1,813,744</u>	<u>\$ 463,442</u>	<u>\$ 9,100,350</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 28,970	\$ -	\$ 8,199	\$ 37,169
Accrued wages and benefits payable . . . . .	986,217	-	2,771	988,988
Compensated absences payable . . . . .	60,745	-	15,433	76,178
Intergovernmental payable . . . . .	38,218	-	3,123	41,341
Pension and postemployment benefits payable . . . . .	181,936	-	388	182,324
Interfund loans payable. . . . .	-	-	4,464	4,464
Total liabilities. . . . .	<u>1,296,086</u>	<u>-</u>	<u>34,378</u>	<u>1,330,464</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	4,502,533	1,058,305	67,659	5,628,497
Delinquent property tax revenue not available. . . . .	514,635	111,505	7,374	633,514
Intergovernmental revenue not available. . . . .	76,965	-	637	77,602
Total deferred inflows of resources . . . . .	<u>5,094,133</u>	<u>1,169,810</u>	<u>75,670</u>	<u>6,339,613</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepays. . . . .	670	-	-	670
Restricted:				
Debt service . . . . .	-	643,934	-	643,934
Capital improvements . . . . .	-	-	101,639	101,639
Classroom facilities maintenance . . . . .	-	-	202,587	202,587
Food service operations . . . . .	-	-	18,156	18,156
Other purposes. . . . .	-	-	5,429	5,429
Extracurricular . . . . .	-	-	37,428	37,428
Assigned:				
Student instruction . . . . .	11,113	-	-	11,113
Student and staff support. . . . .	127,271	-	-	127,271
Other purposes. . . . .	9,146	-	-	9,146
Unassigned (deficit) . . . . .	284,745	-	(11,845)	272,900
Total fund balances . . . . .	<u>432,945</u>	<u>643,934</u>	<u>353,394</u>	<u>1,430,273</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,823,164</u>	<u>\$ 1,813,744</u>	<u>\$ 463,442</u>	<u>\$ 9,100,350</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$	1,430,273
<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.			33,500,734
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	633,514	
Intergovernmental receivable		77,602	
Total		<u>711,116</u>	711,116
Unamortized premiums on bonds issued are not recognized in the funds.			(214,139)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(58,686)
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		(17,782,245)	
Capital lease obligations		(58,206)	
Compensated absences		(611,667)	
Total		<u>(18,452,118)</u>	(18,452,118)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - Pension		1,100,940	
Deferred Inflows - Pension		(2,734,721)	
Net pension liability		(15,119,501)	
Total		<u>(16,753,282)</u>	(16,753,282)
<b>Net position of governmental activities</b>		<u>\$</u>	<u>163,898</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 . . . . .	\$ 5,231,044	\$ 1,237,049	\$ 80,514	\$ 6,548,607
Tuition. . . . .	1,195,458	-	-	1,195,458
Earnings on investments . . . . .	656	-	34	690
Charges for services . . . . .	-	-	241,712	241,712
Extracurricular. . . . .	123,387	-	142,613	266,000
Classroom materials and fees . . . . .	28,942	-	-	28,942
Rental income . . . . .	3,198	-	-	3,198
Contributions and donations . . . . .	57,012	-	23,022	80,034
Other local revenues . . . . .	54,775	-	3,557	58,332
Intergovernmental - state . . . . .	5,583,963	167,632	18,612	5,770,207
Intergovernmental - federal . . . . .	-	-	541,118	541,118
Total revenues . . . . .	<u>12,278,435</u>	<u>1,404,681</u>	<u>1,051,182</u>	<u>14,734,298</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	5,255,771	-	208,167	5,463,938
Special . . . . .	1,169,032	-	152,500	1,321,532
Vocational . . . . .	102,687	-	-	102,687
Other . . . . .	483,730	-	-	483,730
Support services:				
Pupil . . . . .	359,666	-	22	359,688
Instructional staff . . . . .	361,619	-	5,400	367,019
Board of education . . . . .	55,592	-	-	55,592
Administration . . . . .	767,598	-	57,951	825,549
Fiscal . . . . .	410,227	24,501	1,591	436,319
Operations and maintenance . . . . .	1,122,786	-	60,423	1,183,209
Pupil transportation . . . . .	881,736	-	-	881,736
Central . . . . .	114,425	-	-	114,425
Operation of non-instructional services:				
Other non-instructional services . . . . .	2,128	-	-	2,128
Food service operations. . . . .	-	-	389,889	389,889
Extracurricular activities . . . . .	339,034	-	162,411	501,445
Facilities acquisition and construction. . . . .	18,171	-	24,740	42,911
Capital outlay . . . . .	68,464	-	-	68,464
Debt service:				
Principal retirement. . . . .	10,258	575,000	-	585,258
Interest and fiscal charges . . . . .	2,662	740,661	-	743,323
Total expenditures . . . . .	<u>11,525,586</u>	<u>1,340,162</u>	<u>1,063,094</u>	<u>13,928,842</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>752,849</u>	<u>64,519</u>	<u>(11,912)</u>	<u>805,456</u>
<b>Other financing sources:</b>				
Capital lease transaction . . . . .	68,464	-	-	68,464
Total other financing sources . . . . .	<u>68,464</u>	<u>-</u>	<u>-</u>	<u>68,464</u>
Net change in fund balances . . . . .	821,313	64,519	(11,912)	873,920
<b>Fund balances (deficit) at beginning of year. . . . .</b>	<b>(388,368)</b>	<b>579,415</b>	<b>365,306</b>	<b>556,353</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 432,945</b>	<b>\$ 643,934</b>	<b>\$ 353,394</b>	<b>\$ 1,430,273</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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

**Net change in fund balances - total governmental funds** \$ 873,920

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

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

Capital asset additions	\$ 87,254	
Current year depreciation	(1,328,193)	
<b>Total</b>		<b>(1,240,939)</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (27,050)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(165,960)	
Intergovernmental	(14,130)	
<b>Total</b>		<b>(180,090)</b>

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	575,000	
Capital leases	10,258	
<b>Total</b>		<b>585,258</b>

Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (68,464)

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	161	
Accreted interest on capital appreciation bonds	(131,663)	
Amortization of bond premiums	10,488	
<b>Total</b>		<b>(121,014)</b>

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. (44,134)

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 958,452

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (640,317)

**Change in net position of governmental activities** \$ 95,622

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 . . . . .	\$ 4,749,221	\$ 4,739,761	\$ 5,231,044	\$ 491,283
Tuition . . . . .	1,085,346	1,084,844	1,195,458	110,614
Earnings on investments . . . . .	596	595	656	61
Extracurricular . . . . .	35,571	35,555	39,180	3,625
Classroom materials and fees . . . . .	26,276	26,264	28,942	2,678
Rental income . . . . .	2,903	2,902	3,198	296
Contributions and donations . . . . .	51,761	51,737	57,012	5,275
Intergovernmental - state . . . . .	5,091,263	5,088,905	5,607,787	518,882
<b>Total revenues . . . . .</b>	<u>11,042,937</u>	<u>11,030,563</u>	<u>12,163,277</u>	<u>1,132,714</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,024,934	5,239,743	5,239,135	608
Special . . . . .	1,213,822	1,170,519	1,170,519	-
Vocational . . . . .	156,694	119,999	119,999	-
Other . . . . .	552,631	483,730	483,730	-
Support services:				
Pupil . . . . .	367,103	356,342	356,342	-
Instructional staff . . . . .	465,241	367,873	367,873	-
Board of education . . . . .	33,681	67,278	67,278	-
Administration . . . . .	779,405	791,781	791,781	-
Fiscal . . . . .	408,960	414,631	414,631	-
Operations and maintenance . . . . .	1,143,098	1,161,268	1,161,268	-
Pupil transportation . . . . .	1,013,984	1,028,054	1,028,054	-
Central . . . . .	72,168	114,290	114,290	-
Other operation of non-instructional services . . . . .	1,816	2,128	2,128	-
Extracurricular activities . . . . .	268,632	255,899	255,899	-
Facilities acquisition and construction . . . . .	16,852	18,171	18,171	-
<b>Total expenditures . . . . .</b>	<u>11,519,021</u>	<u>11,591,706</u>	<u>11,591,098</u>	<u>608</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(476,084)</u>	<u>(561,143)</u>	<u>572,179</u>	<u>1,133,322</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	28,528	31,422	31,422	-
Transfers in . . . . .	86,767	95,570	95,570	-
Transfers (out) . . . . .	(2,490)	(95,589)	(95,589)	-
Advances in . . . . .	2,583	2,845	2,845	-
Advances (out) . . . . .	(139)	(5,337)	(5,337)	-
Sale of capital assets . . . . .	4,088	4,503	4,503	-
<b>Total other financing sources (uses) . . . . .</b>	<u>119,337</u>	<u>33,414</u>	<u>33,414</u>	<u>-</u>
Net change in fund balance . . . . .	(356,747)	(527,729)	605,593	1,133,322
<b>Fund balance at beginning of year . . . . .</b>	774,021	774,021	774,021	-
<b>Prior year encumbrances appropriated . . . . .</b>	125,889	125,889	125,889	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 543,163</u>	<u>\$ 372,181</u>	<u>\$ 1,505,503</u>	<u>\$ 1,133,322</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2015

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 62,606
Total assets. . . . .	\$ 62,606
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 3,966
Loan payable . . . . .	892
Intergovernmental payable . . . . .	20
Due to students. . . . .	57,728
Total liabilities . . . . .	\$ 62,606

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

The South Range Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District operates one school building that was completed in fiscal year 2011 and accommodates grades K-12. The District is staffed by 90 certified and 70 classified personnel to provide services to approximately 1,341 students and other community members.

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

The basic financial statements (BFS) 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).

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-six school districts and two educational service centers. The jointly governed 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. Each of the member school districts supports ACCESS based upon a per-pupil charge. ACCESS is governed by an Assembly consisting of the Superintendents or other designees of the member school districts. The Assembly exercises total control over the operation of ACCESS, including budgeting, appropriating, contracting, and designating management. All revenues of ACCESS are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer, 100 DeBartolo Place, Suite 222, Youngstown, Ohio, 44512.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected Boards of Education, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

*PUBLIC ENTITY RISK POOL*

Mahoning County School Employees Insurance Consortium

The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative participating School District (usually the superintendent or a designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent, Springfield Local School District. The fiscal agent will then remit the charges for services to Medical Mutual of Ohio (MMO), who acts in the capacity of a third-party administrator (TPA) for claims processing.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 a debt service fund provided for the retirement of serial bonds and short-term notes and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, notes, or loans, shall be paid into this fund.

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.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private-purpose trust funds, agency funds, pension trust funds and investment trust 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. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for Ohio High School Athletic Association (OHSAA) events and student activities.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

**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 are therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, only 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.

Agency funds do not report a measurement focus as they do not report operations.

**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 on the fund financial statements. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

*Revenues - Exchange and Nonexchange 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 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, 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 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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 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 used 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.

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**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2015 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2015.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2015; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**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 repurchase agreements and 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. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

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 statute, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$656 which includes \$270 assigned from other funds.

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

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method on both the fund financial statements and the government-wide statements.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food, and purchased food.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals 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 \$2,500. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable" and "loans receivable/payable". The "interfund loans receivable/payable" balance is eliminated in the governmental activities column on the statement of net position. The "loans receivable/payable" balance is reported in both the government-wide and fund financial statements for amounts due to/from agency funds.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability 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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 June 30, 2015, 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 age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation leave 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 applicable additional salary related payments.

The entire compensated absences 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 funds 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, 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 payable 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.

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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

*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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 or liabilities 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 food service operations.

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

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the statement of net position/balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**O. 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.

**P. Unamortized Bond Premium and Discount**

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.

On the governmental fund financial statements, bond premiums 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 10.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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 expenses/expenditures to the funds that initially paid for them are not presented on the basic financial statements. The District did not report any interfund transfers during fiscal year 2015.

**R. 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.

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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)**

**S. 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. Neither type of transaction occurred during fiscal year 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 62 - 68.

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	\$ 17,139,693
Deferred outflows - payments subsequent to measurement date	894,328
Net pension liability	(17,965,745)
Restated net position at July 1, 2014	\$ 68,276

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

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.

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 6,316
Title I	5,417
Improving Teacher Quality	112

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance 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;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of 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 note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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.

**A. Cash on Hand**

At fiscal year end, the District had \$1,080 in undeposited cash on hand, which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$467,756. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$334,025 of the District's bank balance of \$584,025 was exposed to custodial risk as discussed below, while \$250,000 was covered 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)**

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

**C. Investments**

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

<u>Investment</u>	<u>Fair Market Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreements	\$ 2,028,835	\$ 2,028,835
STAR Ohio	<u>226,062</u>	<u>226,062</u>
Total	<u>\$ 2,254,897</u>	<u>\$ 2,254,897</u>

The weighted average maturity of investments is one day.

*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:* The District’s investments in the federal agency securities that underlie the repurchase agreements were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District’s investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment’s counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

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

*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</u>	<u>Fair Market Value</u>	<u>Percent of Total</u>
Repurchase agreements	\$ 2,028,835	89.97
STAR Ohio	<u>226,062</u>	<u>10.03</u>
Total	<u>\$ 2,254,897</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

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

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 467,756
Investments	2,254,897
Cash on hand	<u>1,080</u>
Total	<u>\$ 2,723,733</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,661,127
Agency funds	<u>62,606</u>
Total	<u>\$ 2,723,733</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A.** Interfund loans receivable/payable consisted of the following at June 30, 2015, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 4,464</u>

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.

**B.** Loans between governmental funds and agency funds are reported as loans receivable/payable on the basic financial statements. The District had the following loan outstanding at June 30, 2015:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Agency fund	<u>\$ 892</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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.

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 Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The District did not report any amounts available as an advance at either June 30, 2015 or June 30, 2014. 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	\$ 172,695,840	95.19	\$ 180,961,410	95.16
Public utility personal	<u>8,731,810</u>	<u>4.81</u>	<u>9,209,160</u>	<u>4.84</u>
Total	<u>\$ 181,427,650</u>	<u>100.00</u>	<u>\$ 190,170,570</u>	<u>100.00</u>

Tax rate per \$1,000 of  
assessed valuation for:

General operations	\$ 49.00	\$ 49.00
Bonded debt	7.40	7.40
Classroom facilities maintenance	0.50	0.50

**SOUTH RANGE LOCAL 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, accounts (billings for user charged services and student fees), 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 list of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 6,262,011
Accounts	50,272
Intergovernmental	<u>92,880</u>
<b>Total</b>	<b><u>\$ 6,405,163</u></b>

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</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 107,195	\$ -	\$ -	\$ 107,195
<b>Total capital assets, not being depreciated</b>	<u>107,195</u>	<u>-</u>	<u>-</u>	<u>107,195</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,270,050	-	-	3,270,050
Buildings and improvements	34,676,495	-	-	34,676,495
Furniture and equipment	3,311,462	72,595	(96,411)	3,287,646
Vehicles	1,184,727	14,659	(47,800)	1,151,586
<b>Total capital assets, being depreciated</b>	<u>42,442,734</u>	<u>87,254</u>	<u>(144,211)</u>	<u>42,385,777</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(900,724)	(183,447)	-	(1,084,171)
Buildings and improvements	(3,885,465)	(902,509)	-	(4,787,974)
Furniture and equipment	(2,020,924)	(197,341)	69,361	(2,148,904)
Vehicles	(974,093)	(44,896)	47,800	(971,189)
<b>Total accumulated depreciation</b>	<u>(7,781,206)</u>	<u>(1,328,193)</u>	<u>117,161</u>	<u>(8,992,238)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 34,768,723</u></b>	<b><u>\$ (1,240,939)</u></b>	<b><u>\$ (27,050)</u></b>	<b><u>\$ 33,500,734</u></b>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 1,162,061
<u>Support services:</u>	
Instructional staff	20,840
Administration	261
Operations and maintenance	6,053
Pupil transportation	44,896
Central	12,247
Extracurricular activities	55,204
Food service operations	<u>26,631</u>
Total depreciation expense	<u>\$ 1,328,193</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the current fiscal year, the District entered into capitalized lease for copier equipment. This lease agreement met the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of copiers have been capitalized in the amount of \$68,464. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2015 for the copiers amounted to \$11,411, leaving a current book value of \$57,053. A corresponding liability was recorded in the government-wide financial statements. The District made principal payments of \$10,258 during fiscal year 2015. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments:

<u>Fiscal Year Ending June 30, 2015</u>	<u>Amount</u>
2016	\$ 15,504
2017	15,504
2018	15,504
2019	15,504
2020	<u>2,584</u>
Total minimum lease payments	64,600
Less: amount representing interest	<u>(6,394)</u>
Total	<u>\$ 58,206</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS**

**A. School Improvement Bonds - Series 2007**

On September 27, 2007, the District issued general obligation bonds to finance building construction and improvements. This issue is comprised of both current interest bonds, par value \$14,490,000, and capital appreciation bonds, par value \$209,990. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (stated interest 18.78%) and December 1, 2015 (stated interest 18.78%) 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 \$830,000. Total accreted interest of \$283,775 has been included on the statement of net position at June 30, 2015.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2035.

The following is a schedule of activity for the series 2007 general obligation bonds:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>General obligation bonds - series 2007</u>				
Current interest bonds	\$ 12,505,000	\$ -	\$ -	\$ 12,505,000
Capital appreciation bonds	209,990	-	(114,395)	95,595
Accreted interest	<u>486,405</u>	<u>97,975</u>	<u>(300,605)</u>	<u>283,775</u>
Total	<u>\$ 13,201,395</u>	<u>\$ 97,975</u>	<u>\$ (415,000)</u>	<u>\$ 12,884,370</u>

The following is a summary of the future debt service requirements to maturity for the series 2007 general obligation bonds:

Fiscal Year Ending June 30,	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 542,038	\$ 542,038	\$ 95,595	\$ 319,405	\$ 415,000
2017	410,000	533,837	943,837	-	-	-
2018	430,000	517,038	947,038	-	-	-
2019	445,000	499,537	944,537	-	-	-
2020	465,000	481,338	946,338	-	-	-
2021 - 2025	2,610,000	2,103,412	4,713,412	-	-	-
2026 - 2030	3,220,000	1,479,212	4,699,212	-	-	-
2031 - 2035	4,010,000	672,750	4,682,750	-	-	-
2036	<u>915,000</u>	<u>20,587</u>	<u>935,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,505,000</u>	<u>\$ 6,849,749</u>	<u>\$ 19,354,749</u>	<u>\$ 95,595</u>	<u>\$ 319,405</u>	<u>\$ 415,000</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. School Improvement Bonds - Series 2008**

On January 8, 2008, the District issued general obligation bonds to finance building construction and improvements. This issue is comprised of both current interest bonds, par value \$5,600,000, and capital appreciation bonds, par value \$100,006. The interest rates on the current interest bonds range from 3.75% to 4.38%. The capital appreciation bonds mature on December 1, 2014 (stated interest 16.40%) and December 1, 2015 (stated interest 16.40%) 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 \$320,000. Total accreted interest of \$101,805 has been included on the statement of net position at June 30, 2015.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2035.

The following is a schedule of activity for the series 2008 general obligation bonds:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>General obligation bonds - series 2008</u>				
Current interest bonds	\$ 4,750,000	\$ -	\$ -	\$ 4,750,000
Capital appreciation bonds	100,006	-	(53,936)	46,070
Accreted interest	174,181	33,688	(106,064)	101,805
	<u>\$ 5,024,187</u>	<u>\$ 33,688</u>	<u>\$ (160,000)</u>	<u>\$ 4,897,875</u>
Total	<u>\$ 5,024,187</u>	<u>\$ 33,688</u>	<u>\$ (160,000)</u>	<u>\$ 4,897,875</u>

The following is a summary of the future debt service requirements to maturity for the series 2008 general obligation bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ -	\$ 198,624	\$ 198,624	\$ 46,070	\$ 113,930	\$ 160,000
2017	160,000	195,623	355,623	-	-	-
2018	165,000	189,324	354,324	-	-	-
2019	170,000	182,623	352,623	-	-	-
2020	180,000	175,624	355,624	-	-	-
2021 - 2025	1,000,000	763,184	1,763,184	-	-	-
2026 - 2030	1,225,000	534,135	1,759,135	-	-	-
2031 - 2035	1,510,000	241,660	1,751,660	-	-	-
2036	340,000	7,310	347,310	-	-	-
	<u>\$ 4,750,000</u>	<u>\$ 2,488,107</u>	<u>\$ 7,238,107</u>	<u>\$ 46,070</u>	<u>\$ 113,930</u>	<u>\$ 160,000</u>
Total	<u>\$ 4,750,000</u>	<u>\$ 2,488,107</u>	<u>\$ 7,238,107</u>	<u>\$ 46,070</u>	<u>\$ 113,930</u>	<u>\$ 160,000</u>

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

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

C. For the fiscal year ended June 30, 2015, the following changes occurred in the governmental activities long-term obligations. Long-term obligations have been restated in accordance with Note 3.A.

	Restated Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amount Due in One Year
<b><u>Governmental activities:</u></b>					
General obligation bonds - series 2007	\$ 13,201,395	\$ 97,975	\$ (415,000)	\$ 12,884,370	\$ 379,370
General obligation bonds - series 2008	5,024,187	33,688	(160,000)	4,897,875	147,875
Net pension liability	17,965,745	-	(2,846,244)	15,119,501	-
Capital lease obligation	-	68,464	(10,258)	58,206	12,886
Compensated absences	<u>632,130</u>	<u>284,853</u>	<u>(229,138)</u>	<u>687,845</u>	<u>209,602</u>
Total	<u>\$ 36,823,457</u>	<u>\$ 484,980</u>	<u>\$ (3,660,640)</u>	33,647,797	<u>\$ 749,733</u>
Add: unamortized premiums				<u>214,139</u>	
Total amount reported on the statement of net position				<u>\$ 33,861,936</u>	

Compensated absences will be paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

*Net pension liability* – See Note 12 for more information on net pension liability

**D. Legal Debt Margins**

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 margins 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 calculations 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 legal voted debt margin of \$362,620 (including available funds of \$643,934) and a legal unvoted debt margin of \$190,171.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that school district a “special needs” district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district’s assessed valuation.

In May 2007, the State Superintendent determined the District to be a “special needs” district.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial insurance coverage limit is \$1,000,000 and a \$7,000,000 annual aggregate. The business auto coverage limit is \$1,000,000 for liability. The District has a liability insurance coverage limit of \$5,000,000 per claim and a \$7,000,000 annual aggregate.

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

**B. Mahoning County School Employees Insurance Consortium**

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium (the "Consortium"), a public entity shared risk pool, currently operating as a common risk management and insurance program for 12 member school districts. The Consortium was organized in 1982 to provide health care and dental benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts and claims flow. The Consortium is responsible for paying health plan claims up to \$125,000 per individual per year. Any claims exceeding the \$200,000 limit are covered by the Consortium's stop-loss carrier. The Consortium has a fund that picks up the \$75,000 difference between the \$125,000 per incident and the \$200,000 stop-loss agreement.

The District pays the health insurance premiums for 90% of medical premiums and 90% of dental premiums. Employees pay a 10% premium share.

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator.

Companion Life Insurance Company provides the life insurance coverage on a single provider basis.

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

**NOTE 11 - RISK MANAGEMENT - (Continued)**

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**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 and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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 \$219,918 for fiscal year 2015. Of this amount \$20,914 is reported as pension and postemployment benefits payable.

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MAHONING COUNTY, OHIO**

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

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

***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).

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.

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

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 \$738,534 for fiscal year 2015. Of this amount, \$124,736 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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	\$ 2,750,724	\$ 12,368,777	\$ 15,119,501
Proportion of the Net Pension Liability	0.05435200%	0.05085120%	
Pension Expense	\$ 160,524	\$ 479,793	\$ 640,317

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	\$ 23,412	\$ 119,076	\$ 142,488
School District contributions subsequent to the measurement date	<u>219,918</u>	<u>738,534</u>	<u>958,452</u>
Total Deferred Outflows of Resources	<u>\$ 243,330</u>	<u>\$ 857,610</u>	<u>\$ 1,100,940</u>

<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 446,450</u>	<u>\$ 2,288,271</u>	<u>\$ 2,734,721</u>
Total Deferred Inflows of Resources	<u>\$ 446,450</u>	<u>\$ 2,288,271</u>	<u>\$ 2,734,721</u>

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

\$958,452 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (105,760)	\$ (542,299)	\$ (648,059)
2017	(105,760)	(542,299)	(648,059)
2018	(105,760)	(542,299)	(648,059)
2019	<u>(105,758)</u>	<u>(542,298)</u>	<u>(648,056)</u>
Total	<u>\$ (423,038)</u>	<u>\$ (2,169,195)</u>	<u>\$ (2,592,233)</u>

***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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**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:

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,924,465	\$ 2,750,724	\$ 1,763,506

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

***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:

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

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

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

*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	\$ 17,707,252	\$ 12,368,777	\$ 7,854,223

**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.

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 \$28,753.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$40,374, \$29,804, and \$26,156, respectively. For fiscal year 2015, 91.05 percent has been contributed, with the balance being reported as pension and postemployment benefits 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 Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$53,714, and \$55,314 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**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, disbursements and encumbrances.

The statement of revenues, 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);

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) 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	\$ 605,593
Net adjustment for revenue accruals	30,951
Net adjustment for expenditure accruals	14,158
Net adjustment for other sources/uses	35,050
Funds budgeted elsewhere	(1,096)
Adjustment for encumbrances	136,657
GAAP basis	<u>\$ 821,313</u>

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 16 - 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 and other applicable offsets 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	216,918
Current year offsets	(91,336)
Prior year offset from bond proceeds	<u>(125,582)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

During fiscal year 2008, the District issued \$20,399,996 in capital related school improvement bonds. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$19,238,302 at June 30, 2015.

**NOTE 17 - 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>Year End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 127,543
Nonmajor governmental funds	<u>601</u>
Total	<u>\$ 128,144</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 18 - OPERATING LEASE - LESSOR DISCLOSURE**

The District is the lessor of oil and gas rights on certain land parcels owned by the District to Chesapeake Energy. The lease agreement is from November 15, 2011 through November 15, 2016. The District received \$690,686 in the general fund at the execution of the lease. As part of the lease agreement, the District will receive a 20 percent royalty on any oil or gas that is produced.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.05435200%	0.05435200%
District's proportionate share of the net pension liability	\$ 2,750,724	\$ 3,232,139
District's covered-employee payroll	\$ 1,579,372	\$ 1,477,204
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	218.80%
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. The amounts presented for each fiscal year were determined as of the measurement date.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.05085122%	0.05085122%
District's proportionate share of the net pension liability	\$ 12,368,777	\$ 14,733,606
District's covered-employee payroll	\$ 5,195,592	\$ 5,531,415
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	266.36%
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. The amounts presented for each fiscal year were determined as of the measurement date.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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>
Contractually required contribution	\$ 219,918	\$ 218,901	\$ 204,445	\$ 198,269
Contributions in relation to the contractually required contribution	<u>(219,918)</u>	<u>(218,901)</u>	<u>(204,445)</u>	<u>(198,269)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,668,574	\$ 1,579,372	\$ 1,477,204	\$ 1,474,119
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 198,269	\$ 211,896	\$ 152,552	\$ 144,084	\$ 152,864	\$ 146,495
<u>(198,269)</u>	<u>(211,896)</u>	<u>(152,552)</u>	<u>(144,084)</u>	<u>(152,864)</u>	<u>(146,495)</u>
<u>\$ -</u>					
\$ 1,577,319	\$ 1,564,963	\$ 1,550,325	\$ 1,467,251	\$ 1,431,311	\$ 1,384,641
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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>
Contractually required contribution	\$ 738,534	\$ 675,427	\$ 719,084	\$ 755,189
Contributions in relation to the contractually required contribution	<u>(738,534)</u>	<u>(675,427)</u>	<u>(719,084)</u>	<u>(755,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,275,243	\$ 5,195,592	\$ 5,531,415	\$ 5,809,146
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 790,387	\$ 770,739	\$ 721,566	\$ 717,076	\$ 686,446	\$ 649,452
<u>(790,387)</u>	<u>(770,739)</u>	<u>(721,566)</u>	<u>(717,076)</u>	<u>(686,446)</u>	<u>(649,452)</u>
<u>\$ -</u>					
\$ 6,079,900	\$ 5,928,762	\$ 5,550,508	\$ 5,515,969	\$ 5,280,354	\$ 4,995,785
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING 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 financials 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 financials for the methods and assumptions in this calculation.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Breakfast Program	070159-3L70	10.553	\$14,785		\$14,785	
National School Lunch Program	070159-3L60	10.555	101,641	\$18,194	101,641	\$18,194
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>116,426</b>	<b>18,194</b>	<b>116,426</b>	<b>18,194</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	070159-3M20-14	84.027	0		3,378	
	070159-3M20-15	84.027	219,318		217,033	
Subtotal			<b>219,318</b>		<b>220,411</b>	
Title I, Part A Cluster:						
Title I Grants to Local Education Agencies	070159-3M00-14	84.010	15,704		15,704	
	070159-3M00-15	84.010	117,306		117,306	
Subtotal			<b>133,010</b>		<b>133,010</b>	
Title II-A Improving Teacher Quality	070159-3Y60-15	84.367	41,606		41,606	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>393,934</b>		<b>395,027</b>	
<b>TOTAL FEDERAL AWARDS AND EXPENDITURES</b>			<b>\$510,360</b>	<b>\$18,194</b>	<b>\$511,453</b>	<b>\$18,194</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the South Range Local School District's (the District's) federal award program receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

South Range Local School District  
Mahoning County  
11300 Columbiana Canfield Road, Suite B  
Canfield, Ohio 44406

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 South Range Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2016, in which we noted the District implemented Government Auditing Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68".

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

March 22, 2016



# Dave Yost • Auditor of State

## 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

South Range Local School District  
Mahoning County  
11300 Columbiana Canfield Road, Suite B  
Canfield, Ohio 44406

To the Board of Education:

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

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

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

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

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

Our responsibility is to opine on the District's compliance for the 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 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 District's major program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the South Range Local 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 year ended June 30, 2015.

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

The 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 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 District's internal control over compliance.

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

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

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



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

March 22, 2016

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**SOUTH RANGE LOCAL SCHOOL DISTRICT**

**MAHONING 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  
APRIL 7, 2016**