



Dave Yost · Auditor of State



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Weathersfield Local School District  
Trumbull County  
1334 Seaborn Street  
Mineral Ridge, Ohio 44440

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 Weathersfield Local School District, Trumbull 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 Weathersfield Local School District, Trumbull 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 Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary 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 presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Weathersfield Local School District  
Trumbull County  
Independent Auditor's Report  
Page 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 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.



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

January 29, 2016

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

The management's discussion and analysis of the Weathersfield 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 decreased \$143,621 which represents a 1.60% decrease from 2014 as restated in Note 3.A.
- General revenues accounted for \$7,222,903 in revenue or 70.21% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,064,501 or 29.79% of total revenues of \$10,287,404.
- The District had \$10,431,025 in expenses related to governmental activities; \$3,064,501 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 \$7,222,903 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund and classroom facilities fund. The general fund had \$9,047,150 in revenues and other financing sources and \$8,846,935 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$200,215 from a balance of \$469,189 to a fund balance of \$669,404.
- The bond retirement fund had \$649,039 in revenues and \$628,423 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased \$20,616 from a balance of \$537,875 to a fund balance of \$558,491.
- The classroom facilities fund had \$7,961 in revenues and \$5,960,354 in expenditures. During fiscal year 2015, the classroom facilities fund's fund balance decreased \$5,952,393 from a balance of \$6,372,226 to a fund balance of \$419,833.

**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, bond retirement fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

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

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental fund 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, bond retirement fund and classroom facilities 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.

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

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

***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 27-64 of this report.

***Required Supplemental Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 65-72 of this report.

***The District as a Whole***

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

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b>Assets</b>		
Current and other assets	\$ 7,417,247	\$ 15,365,594
Capital assets, net	<u>29,461,710</u>	<u>22,399,650</u>
Total assets	<u>36,878,957</u>	<u>37,765,244</u>
<b>Deferred Outflows of Resources</b>		
Unamortized deferred charges on debt refunding	69,979	80,885
Pension	<u>810,611</u>	<u>676,252</u>
Total deferred outflows of resources	<u>880,590</u>	<u>757,137</u>
Total assets and deferred outflows of resources	<u>37,759,547</u>	<u>38,522,381</u>
<b>Liabilities</b>		
Current liabilities	1,412,958	2,095,525
Long-term liabilities:		
Due in one year	688,212	516,763
Due within more than one year:		
Net pension liability	11,433,692	13,586,121
Other amounts	<u>10,316,911</u>	<u>10,649,767</u>
Total liabilities	<u>23,851,773</u>	<u>26,848,176</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for the next fiscal year	2,983,690	2,674,608
Pensions	<u>2,068,108</u>	<u>-</u>
Total deferred inflows of resources	<u>5,051,798</u>	<u>2,674,608</u>
Total liabilities and deferred inflows of resources	<u>28,903,571</u>	<u>29,522,784</u>
<b>Net Position</b>		
Net investment in capital assets	18,867,172	14,391,363
Restricted	2,072,019	7,394,641
Unrestricted (deficit)	<u>(12,083,215)</u>	<u>(12,786,407)</u>
Total net position	<u>\$ 8,855,976</u>	<u>\$ 8,999,597</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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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 \$21,909,466 to \$8,999,597.

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 \$8,855,976.

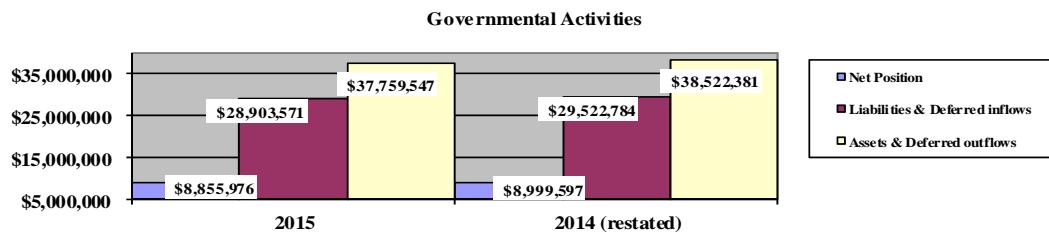
**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

At year-end, capital assets represented 79.89% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$18,867,172. 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, \$2,072,019, represents resources that are subject to external restriction on how they may be used.

The graph below presents the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position for fiscal year 2015 and 2014.



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

**Change in Net Position**

	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,009,042	\$ 2,106,107
Operating grants and contributions	1,041,698	1,011,868
Capital grants and contributions	13,761	117,300
General revenues:		
Property taxes	2,759,309	2,985,055
Grants and entitlements	4,418,222	4,262,691
Investment earnings	3,633	5,556
Other	<u>41,739</u>	<u>41,218</u>
Total revenues	<u>10,287,404</u>	<u>10,529,795</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**Change in Net Position**

	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,250,523	\$ 4,083,472
Special	927,658	1,107,763
Other	529,339	500,553
Support services:		
Pupil	386,246	435,493
Instructional staff	201,896	127,378
Board of education	23,458	18,198
Administration	987,327	669,497
Fiscal	314,379	324,509
Business	7,864	8,627
Operations and maintenance	1,335,409	1,110,193
Pupil transportation	402,712	364,913
Central	41,724	297
Operation of non-instructional services:		
Food service operations	183,994	354,231
Extracurricular activities	423,625	448,625
Interest and fiscal charges	<u>414,871</u>	<u>407,847</u>
Total expenses	<u>10,431,025</u>	<u>9,961,596</u>
Change in net position	(143,621)	568,199
Net position at beginning of year (restated)	<u>8,999,597</u>	<u>N/A</u>
Net position at end of year	<u>\$ 8,855,976</u>	<u>\$ 8,999,597</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 \$676,252 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 \$484,176.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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	\$ 10,431,025
Pension expense under GASB 68	(484,176)
2015 contractually required contributions	<u>702,856</u>
Adjusted 2015 program expenses	10,649,705
Total 2014 program expenses under GASB 27	<u>9,961,596</u>
Increase in program expenses not related to pension	\$ <u>688,109</u>

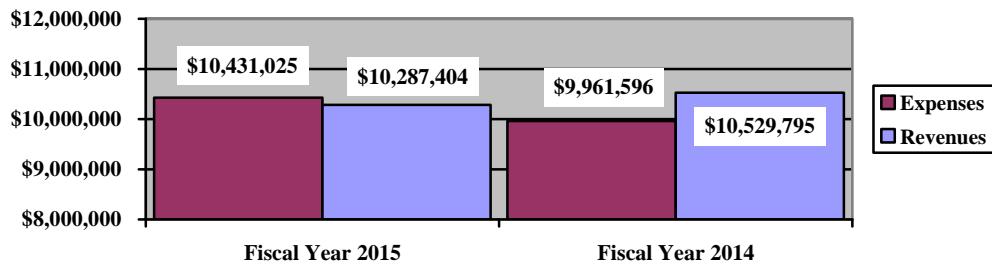
Net position of the District's governmental activities decreased \$143,621. Total governmental expenses of \$10,431,025 were offset by program revenues of \$3,064,501 and general revenues of \$7,222,903. Program revenues supported 29.38% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 69.77% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,707,520 or 54.72% of total governmental expenses for fiscal year 2015.

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

**Governmental Activities - Revenues and Expenses**



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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

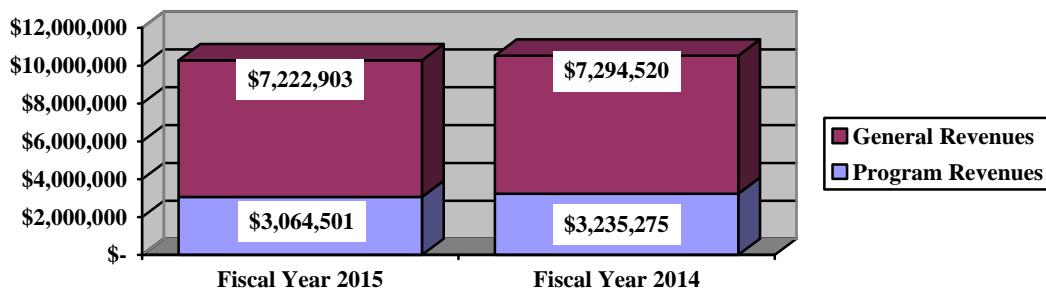
**Governmental Activities**

	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	\$ 4,250,523	\$ 2,425,073	\$ 4,083,472	\$ 2,215,605
Special	927,658	241,730	1,107,763	282,744
Other	529,339	529,339	500,553	500,553
Support services:				
Pupil	386,246	386,246	435,493	435,493
Instructional staff	201,896	134,659	127,378	117,283
Board of education	23,458	23,458	18,198	18,198
Administration	987,327	986,725	669,497	668,779
Fiscal	314,379	305,952	324,509	316,453
Business	7,864	7,846	8,627	8,627
Operations and maintenance	1,335,409	1,319,531	1,110,193	1,048,674
Pupil transportation	402,712	356,053	364,913	364,913
Central	41,724	41,724	297	297
Operations of non-instructional services:				
Food service operations	183,994	(123,495)	354,231	(1,300)
Extracurricular activities	423,625	316,812	448,625	342,155
Interest and fiscal charges	414,871	414,871	407,847	407,847
Total expenses	<u>\$ 10,431,025</u>	<u>\$ 7,366,524</u>	<u>\$ 9,961,596</u>	<u>\$ 6,726,321</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 56.00% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.62%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are 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**



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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 \$2,287,375, which is lower than last year's balance of \$9,792,775. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and June 30, 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	Increase/ (Decrease)	Percentage Change
General	\$ 669,404	\$ 469,189	\$ 200,215	42.67 %
Bond retirement	558,491	537,875	20,616	3.83 %
Classroom facilities	419,833	6,372,226	(5,952,393)	(93.41) %
Other Governmental	<u>639,647</u>	<u>2,413,485</u>	<u>(1,773,838)</u>	<u>(73.50) %</u>
Total	<u>\$ 2,287,375</u>	<u>\$ 9,792,775</u>	<u>\$ (7,505,400)</u>	<u>(76.64) %</u>

***General Fund***

The District's general fund balance increased \$200,215.

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

	2015 <u>Amount</u>	2014 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 2,279,844	\$ 2,283,277	\$ (3,433)	(0.15) %
Tuition	1,783,020	1,859,712	(76,692)	(4.12) %
Earnings on investments	5,148	8,141	(2,993)	(36.76) %
Intergovernmental - state	4,675,523	4,392,650	282,873	6.44 %
Other revenues	<u>100,383</u>	<u>82,416</u>	<u>17,967</u>	<u>21.80 %</u>
Total	<u>\$ 8,843,918</u>	<u>\$ 8,626,196</u>	<u>\$ 217,722</u>	<u>2.52 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,183,309	\$ 5,197,573	\$ (14,264)	(0.27) %
Support services	2,958,981	2,991,626	(32,645)	(1.09) %
Extracurricular activities	291,756	264,785	26,971	10.19 %
Capital outlay	203,232	316,280	(113,048)	(35.74) %
Debt service	<u>203,094</u>	<u>149,446</u>	<u>53,648</u>	<u>35.90 %</u>
Total	<u>\$ 8,840,372</u>	<u>\$ 8,919,710</u>	<u>\$ (79,338)</u>	<u>(0.89) %</u>

Overall revenue in the general fund increased \$217,722 or 2.52%. Earnings on investments decreased \$2,993 or 36.76% due to a decrease in the amount of investments held by the District. Other revenues increased \$17,967 or 21.80% due to an increase in extracurricular receipt revenues for the 8<sup>th</sup> grade D.C. trip. All other revenues remain comparable to fiscal year 2014.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

Overall expenditures of the general fund decreased \$79,338 or 0.89%. The largest increases in expenditures are extracurricular activities of \$26,971 or 10.19% and debt service of \$53,648 or 35.90%. Extracurricular activities increased \$26,971 or 10.19% due to District hiring a new coach. Debt service increase due to the District starting to make payments on more capital leases in fiscal year 2015. The largest decrease in expenditures is capital outlay of \$113,048 or 35.74%, which primarily due to the District entering into less capital leases in fiscal year 2015. All other expenditures remain comparable to fiscal year 2014.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2015, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$8,349,385. Final and actual budgeted revenues and other financing sources were \$8,299,753.

General fund original appropriations (appropriated expenditures including other financing uses) of \$8,500,000 were decreased to \$8,316,337 in the final budget appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2015 were \$8,316,337.

***Bond Retirement Fund***

The bond retirement fund had \$649,039 in revenues and \$628,423 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased \$20,616 from a balance of \$537,875 to a fund balance of \$558,491.

***Classroom Facilities Fund***

The classroom facilities fund had \$7,961 in revenues and \$5,960,354 in expenditures. During fiscal year 2015, the classroom facilities fund's fund balance decreased \$5,952,393 from a balance of \$6,372,226 to a fund balance of \$419,833 due to the completion of the construction project in fiscal year 2015.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal year 2015, the District had \$29,461,710 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

The following table shows June 30, 2015 balances compared to June 30, 2014:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Land	\$ 60,088	\$ 60,088
Construction in progress	-	18,642,028
Land improvements	1,863,244	194,345
Building and improvements	26,634,098	2,731,523
Furniture and equipment	650,236	464,912
Vehicles	254,044	306,754
<b>Total</b>	<b>\$ 29,461,710</b>	<b>\$ 22,399,650</b>

The overall increase in capital assets of \$7,062,060 is primarily due to capital outlays of \$8,348,904 exceeding depreciation expense of \$899,941 and disposals (net of accumulated depreciation) \$386,903 for fiscal year 2015.

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

***Debt Administration***

At June 30, 2015, the District had \$256,324 in lease purchase agreements, \$393,519 in capital leases, \$927,487 in 2013 series refunding bonds and \$8,738,409 in 2012 series bonds. Of this total, \$550,143 is due within one year and \$9,765,596 is due in greater than one year. The following table summarizes the lease purchase agreements, capital leases and bonds outstanding at June 30, 2015 and June 30, 2014.

**Outstanding Debt, at Year End**

	<b>Governmental Activities June 30, 2015</b>	<b>Governmental Activities June 30, 2014</b>
Lease purchase agreements	\$ 256,324	\$ 341,324
Capital lease agreements	393,519	268,388
General obligation bonds payable	-	36,555
Series 2013 general obligation refunding bonds	927,487	929,532
Series 2012 general obligation bonds	<u>8,738,409</u>	<u>8,926,318</u>
<b>Total</b>	<b><u>\$ 10,315,739</u></b>	<b><u>\$ 10,502,117</u></b>

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**Current Financial Related Activities**

The District has two emergency levies. The first one originally voted in 2004 was renewed for 5 years at 5.2 mills. This Levy generates \$538,168 and was renewed at the November 5, 2013 general election. The Levy renewed for a period of 10 years at 5.15 mills. The second emergency levy was renewed for a 10 year period in May of 2012. This levy generates \$418,128 and was renewed at 3.9 mills.

The restructuring of the District is a constant issue. Beginning with the 2013 fiscal year, a majority of our special education services which have been contracted out with the Trumbull County Educational Service Center (TCESC) have been brought in-house. Our District in conjunction with McDonald Local Schools has employed our own School Psychologist of which we pay 60% and invoice McDonald for 40% of cost incurred. We also have contracted speech services with Easter Seals of Youngstown which will reduce our cost for services. We are looking into shared busing options as well. The special education supervisor and work study services that we were obtaining from TCESC has also been removed and our staff now handles these positions with our Superintendent handling the Special Education Administrator position. After years of diligent work, the Weathersfield Local Schools have cut their spending to 2006-2007 school year levels. We have downsized via attrition or retirement in both the classified and certificated fields. The District also entered into a lease agreement in June of 2013 for the delivery of 4 new buses in fiscal year 2014. This brought the fleet to 9 buses; 6 of them now less than 5 years old.

The District successfully passed a 6.6 mill bond issue and 1.0 permanent improvement issue on March 6, 2013, which was our fourth attempt. In conjunction with Ohio Facilities Construction Commission at a percent share of 72% State, 28% Local, Weathersfield Local School District began construction in June of 2013 to create a two building District. The expected time frame will run from June of 2013 to the Fall of 2015. The total cost to the District including LFI's (Locally Funded Initiatives) is \$25,452,051.

Construction began full force in fiscal year 2014. Fiscal year 2014 was a year of transition with K-6<sup>th</sup> educated in the current Middle School, and grades 7-12 educated in the current High School. During fiscal year 2014 Seaborn Elementary located on Miles-Carver Road remained closed while construction continued throughout the year. Renovations using Ohio School Facility Commission Swing Space Dollars were used to make the Middle School more accommodating for K-6<sup>th</sup>. The High School had ongoing construction throughout fiscal year 2014, working in phases so that the educational process were not disturbed. Trailers were in place to accommodate grades 7-12.

On September 11, 2014, Weathersfield School District opened the doors to students for the first time as a newly revised two school building district. Seaborn Elementary which is now a K-6 facility is located at 3800 Niles Carver Rd, and the Mineral Ridge High School, 7-12 is located at 1334 Seaborn Street. The Board office also moved to the South East Corner of the High School with a separate entrance. Our District also includes a bus garage and Stadium and Athletic Facility located at the stadium. The demolition of the Middle School concluded in June of 2015 and the District has now completed all previous on-going construction.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Laurena Rouan, Treasurer, Weathersfield Local School District, 1334 Seaborn Street, Mineral Ridge, Ohio 44440.

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 3,678,281
Cash in segregated accounts . . . . .	5,260
Receivables:	
Taxes . . . . .	3,590,255
Accounts . . . . .	4,414
Accrued interest. . . . .	142
Intergovernmental . . . . .	86,262
Prepayments. . . . .	35,590
Materials and supplies inventory . . . . .	17,043
Capital assets:	
Nondepreciable capital assets . . . . .	60,088
Depreciable capital assets, net . . . . .	29,401,622
Capital assets, net . . . . .	<u>29,461,710</u>
Total assets . . . . .	<u>36,878,957</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	69,979
Pension - STRS . . . . .	639,121
Pension - SERS . . . . .	<u>171,490</u>
Total deferred outflows of resources . . . . .	<u>880,590</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	36,314
Contracts payable. . . . .	469,341
Accrued wages and benefits . . . . .	713,532
Intergovernmental payable . . . . .	26,162
Pension and postemployment benefits payable .	137,924
Accrued interest payable . . . . .	29,685
Long-term liabilities:	
Due within one year. . . . .	688,212
Due in more than one year:	
Net pension liability. . . . .	11,433,692
Other amounts due in more than one year .	10,316,911
Total liabilities . . . . .	<u>23,851,773</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. .	2,983,690
Pension - STRS. . . . .	1,730,872
Pension - SERS. . . . .	<u>337,236</u>
Total deferred inflows of resources. . . . .	<u>5,051,798</u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	18,867,172
Restricted for:	
Capital projects . . . . .	1,182,439
Classroom facilities maintenance . . . . .	112,454
Debt service. . . . .	581,066
Student activities . . . . .	60,117
Other purposes . . . . .	135,943
Unrestricted (deficit) . . . . .	<u>(12,083,215)</u>
Total net position. . . . .	<u>\$ 8,855,976</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

	<b>Expenses</b>	<b>Program Revenues</b>						<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>				<b>Governmental Activities</b>
<b>Governmental activities:</b>								
Instruction:								
Regular . . . . .	\$ 4,250,523	\$ 1,718,270	\$ 99,219	\$ 7,961	\$ (2,425,073)			
Special . . . . .	927,658	91,839	594,089	-	(241,730)			
Other . . . . .	529,339	-	-	-	(529,339)			
Support services:								
Pupil. . . . .	386,246	-	-	-	(386,246)			
Instructional staff . . . . .	201,896	-	67,237	-	(134,659)			
Board of education . . . . .	23,458	-	-	-	(23,458)			
Administration. . . . .	987,327	178	424	-	(986,725)			
Fiscal. . . . .	314,379	2,489	5,938	-	(305,952)			
Business. . . . .	7,864	5	13	-	(7,846)			
Operations and maintenance .	1,335,409	2,976	7,102	5,800	(1,319,531)			
Pupil transportation. . . . .	402,712	-	46,659	-	(356,053)			
Central . . . . .	41,724	-	-	-	(41,724)			
Operation of non-instructional services:								
Food service operations . . .	183,994	90,806	216,683	-	123,495			
Extracurricular activities. . . .	423,625	102,479	4,334	-	(316,812)			
Interest and fiscal charges . . .	414,871	-	-	-	(414,871)			
Total governmental activities . . . \$	<u>10,431,025</u>	<u>\$ 2,009,042</u>	<u>\$ 1,041,698</u>	<u>\$ 13,761</u>	<u>(7,366,524)</u>			

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	2,217,349
Debt service. . . . .	479,379
Capital projects. . . . .	21,168
Classroom facilities and maintenance. . . .	41,413
Grants and entitlements not restricted	
to specific programs . . . . .	4,418,222
Investment earnings . . . . .	3,633
Miscellaneous . . . . .	41,739
Total general revenues . . . . .	<u>7,222,903</u>
Change in net position . . . . .	(143,621)
<b>Net position at beginning of year (restated).</b>	<b>8,999,597</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 8,855,976</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>General</b>	<b>Bond Retirement</b>	<b>Classroom Facilities</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,529,891	\$ 557,345	\$ 885,035	\$ 706,010	\$ 3,678,281
Cash in segregated accounts . . . . .	5,260	-	-	-	5,260
Receivables:					
Property taxes. . . . .	2,791,973	714,515	-	83,767	3,590,255
Accounts . . . . .	4,114	-	-	300	4,414
Accrued interest. . . . .	142	-	-	-	142
Intergovernmental. . . . .	61,029	-	-	25,233	86,262
Prepayments. . . . .	35,590	-	-	-	35,590
Materials and supplies inventory . . . . .	-	-	-	17,043	17,043
Total assets . . . . .	<u>\$ 4,427,999</u>	<u>\$ 1,271,860</u>	<u>\$ 885,035</u>	<u>\$ 832,353</u>	<u>\$ 7,417,247</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 10,461	\$ -	\$ -	\$ 25,853	\$ 36,314
Contracts payable. . . . .	-	-	465,202	4,139	469,341
Accrued wages and benefits . . . . .	652,365	-	-	61,167	713,532
Compensated absences payable . . . . .	103,086	-	-	6,339	109,425
Intergovernmental payable . . . . .	24,287	-	-	1,875	26,162
Pension and postemployment benefits payable .	128,224	-	-	9,700	137,924
Total liabilities. . . . .	<u>918,423</u>	<u>-</u>	<u>465,202</u>	<u>109,073</u>	<u>1,492,698</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year. . .	2,317,894	596,063	-	69,733	2,983,690
Delinquent property tax revenue not available. . .	469,624	117,306	-	13,900	600,830
Intergovernmental revenue not available. . . . .	52,654	-	-	-	52,654
Total deferred inflows of resources . . . . .	<u>2,840,172</u>	<u>713,369</u>	<u>-</u>	<u>83,633</u>	<u>3,637,174</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	-	-	-	17,043	17,043
Prepays . . . . .	35,590	-	-	-	35,590
Restricted:					
Debt service . . . . .	-	558,491	-	-	558,491
Capital improvements . . . . .	-	-	419,833	286,315	706,148
Classroom facilities maintenance . . . . .	-	-	-	105,504	105,504
Food service operations . . . . .	-	-	-	123,639	123,639
Student activities. . . . .	-	-	-	60,117	60,117
Committed:					
Capital improvements . . . . .	-	-	-	62,178	62,178
Assigned:					
Student instruction . . . . .	10,628	-	-	-	10,628
Student and staff support. . . . .	171,647	-	-	-	171,647
Extracurricular activities . . . . .	421	-	-	-	421
Public school support. . . . .	10,194	-	-	-	10,194
School supplies. . . . .	240	-	-	-	240
Unassigned (deficit) . . . . .	<u>440,684</u>	<u>-</u>	<u>-</u>	<u>(15,149)</u>	<u>425,535</u>
Total fund balances . . . . .	<u>669,404</u>	<u>558,491</u>	<u>419,833</u>	<u>639,647</u>	<u>2,287,375</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,427,999</u>	<u>\$ 1,271,860</u>	<u>\$ 885,035</u>	<u>\$ 832,353</u>	<u>\$ 7,417,247</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

<b>Total governmental fund balances</b>	\$ 2,287,375
<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.	29,461,710
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Property taxes receivable	\$ 600,830
Intergovernmental receivable	52,654
Total	653,484
Unamortized premiums on bonds issued are not recognized in the funds.	(200,672)
Unamortized amounts on refundings are not recognized in the funds.	69,979
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(29,685)
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 of resources - pension	810,611
Deferred inflows of resources - pension	(2,068,108)
Net pension liability	(11,433,692)
Total	(12,691,189)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(379,287)
Lease-purchase agreements payable	(256,324)
Capital lease obligations	(393,519)
General obligation current interest bonds	(8,980,000)
General obligation capital appreciation bonds	(531,935)
Accreted interest on capital appreciation bonds	(153,961)
Total	(10,695,026)
<b>Net position of governmental activities</b>	<u>\$ 8,855,976</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

	<b>General</b>	<b>Bond Retirement</b>	<b>Classroom Facilities</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 2,279,844	\$ 525,257	\$ -	\$ 68,681	\$ 2,873,782
Tuition. . . . .	1,783,020	-	-	-	1,783,020
Earnings on investments. . . . .	5,148	-	7,961	43	13,152
Charges for services . . . . .	-	-	-	96,411	96,411
Extracurricular. . . . .	31,555	-	-	70,924	102,479
Classroom materials and fees . . . . .	27,089	-	-	-	27,089
Contributions and donations . . . . .	1,000	-	-	10,134	11,134
Other local revenues . . . . .	40,739	-	-	-	40,739
Intergovernmental - state . . . . .	4,675,523	123,782	-	25,805	4,825,110
Intergovernmental - federal . . . . .	-	-	-	622,034	622,034
<b>Total revenues . . . . .</b>	<b>8,843,918</b>	<b>649,039</b>	<b>7,961</b>	<b>894,032</b>	<b>10,394,950</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular. . . . .	3,938,934	-	-	100,368	4,039,302
Special . . . . .	713,635	-	-	174,146	887,781
Other . . . . .	530,740	-	-	-	530,740
Support services:					
Pupil . . . . .	362,928	-	-	-	362,928
Instructional staff . . . . .	130,116	-	-	66,586	196,702
Board of education . . . . .	14,883	-	-	-	14,883
Administration . . . . .	745,326	-	-	700	746,026
Fiscal . . . . .	278,584	11,987	-	18,680	309,251
Business. . . . .	7,843	-	-	21	7,864
Operations and maintenance . . . . .	1,120,235	-	-	39,221	1,159,456
Pupil transportation . . . . .	299,066	-	-	46,168	345,234
Central . . . . .	-	-	-	41,724	41,724
Operation of non-instructional services:					
Food service operations. . . . .	-	-	-	358,022	358,022
Extracurricular activities . . . . .	291,756	-	-	85,444	377,200
Facilities acquisition and construction. . . . .	-	-	5,960,354	1,736,973	7,697,327
Capital outlay . . . . .	203,232	-	-	24,148	227,380
Debt service:					
Principal retirement. . . . .	180,869	291,555	-	6,380	478,804
Interest and fiscal charges . . . . .	22,225	324,881	-	-	347,106
<b>Total expenditures . . . . .</b>	<b>8,840,372</b>	<b>628,423</b>	<b>5,960,354</b>	<b>2,698,581</b>	<b>18,127,730</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	3,546	20,616	(5,952,393)	(1,804,549)	(7,732,780)
<b>Other financing sources (uses):</b>					
Transfers in. . . . .	-	-	-	6,563	6,563
Transfers (out) . . . . .	(6,563)	-	-	-	(6,563)
Capital lease transaction . . . . .	203,232	-	-	24,148	227,380
<b>Total other financing sources (uses) . . . . .</b>	<b>196,669</b>	<b>-</b>	<b>-</b>	<b>30,711</b>	<b>227,380</b>
Net change in fund balances . . . . .	200,215	20,616	(5,952,393)	(1,773,838)	(7,505,400)
<b>Fund balances at beginning of year . . . . .</b>	<b>469,189</b>	<b>537,875</b>	<b>6,372,226</b>	<b>2,413,485</b>	<b>9,792,775</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 669,404</b>	<b>\$ 558,491</b>	<b>\$ 419,833</b>	<b>\$ 639,647</b>	<b>\$ 2,287,375</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

<b>Net change in fund balances - total governmental funds</b>	\$ (7,505,400)
---	----------------

*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	\$ 8,348,904
Current year depreciation	<u>(899,941)</u>
Total	7,448,963

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

(386,903)

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

Property taxes	(114,473)
Accrued interest	(1,515)
Intergovernmental	<u>8,442</u>
Total	(107,546)

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	291,555
Lease-purchase agreements	85,000
Capital leases	<u>102,249</u>
Total	478,804

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

702,856

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

(484,176)

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.

(227,380)

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:

Increase in accrued interest payable	(4,233)
Accreted interest on capital appreciation bonds	(65,046)
Amortization of bond premiums	12,420
Amortization of deferred charges	<u>(10,906)</u>
Total	(67,765)

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.

4,926

<b>Change in net position of governmental activities</b>	\$ (143,621)
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,939,736	\$ 1,922,396	\$ 1,922,396	\$ -
Tuition . . . . .	1,799,103	1,783,020	1,783,020	-
Earnings on investments . . . . .	5,608	5,558	5,558	-
Other local revenues . . . . .	30,186	29,916	29,916	-
Intergovernmental - state . . . . .	4,574,752	4,533,856	4,533,856	-
Total revenues . . . . .	<u>8,349,385</u>	<u>8,274,746</u>	<u>8,274,746</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,819,950	3,773,491	3,773,491	-
Special . . . . .	714,676	719,513	719,513	-
Other . . . . .	523,533	530,762	530,762	-
Support services:				
Pupil . . . . .	216,455	213,296	213,296	-
Instructional staff . . . . .	137,315	133,339	133,339	-
Board of education . . . . .	14,385	14,584	14,584	-
Administration . . . . .	805,016	802,111	802,111	-
Fiscal . . . . .	251,078	250,198	250,198	-
Business . . . . .	13,521	9,660	9,660	-
Operations and maintenance . . . . .	1,376,871	1,251,161	1,251,161	-
Pupil transportation . . . . .	344,322	325,429	325,429	-
Extracurricular activities . . . . .	282,878	286,230	286,230	-
Total expenditures . . . . .	<u>8,500,000</u>	<u>8,309,774</u>	<u>8,309,774</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(150,615)</u>	<u>(35,028)</u>	<u>(35,028)</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	25,007	25,007	-
Transfers (out) . . . . .	-	(6,563)	(6,563)	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>18,444</u>	<u>18,444</u>	<u>-</u>
Net change in fund balance . . . . .	<u>(150,615)</u>	<u>(16,584)</u>	<u>(16,584)</u>	<u>-</u>
<b>Fund balance at beginning of year . . . . .</b>	<b>585,138</b>	<b>585,138</b>	<b>585,138</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>254,908</b>	<b>254,908</b>	<b>254,908</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 689,431</b>	<b>\$ 823,462</b>	<b>\$ 823,462</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 25,331
Total assets. . . . .	<u>\$ 25,331</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 291
Due to students. . . . .	<u>25,040</u>
Total liabilities. . . . .	<u>\$ 25,331</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

Weathersfield Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five member Board of Education (the "Board") and provides educational services as mandated by State or federal agencies. The Board controls the District's two instructional/support facilities.

The District ranks as the 486<sup>th</sup> largest by total enrollment among the 987 public school districts and community schools in the State of Ohio. The District is staffed by 29 non-certified and 64 certified personnel to provide services to approximately 976 students and other community members.

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

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

**A. Reporting Entity**

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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*

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty one school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

State Support Team Region 5 (the "Team")

The Team is a jointly governed organization among the school districts located in Trumbull, Mahoning Ashtabula, and Columbiana Counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvements and, in particular, to improvements in instructional programs.

The Team is governed by a Board made up of nineteen representatives of the participating school districts, the business community and the Youngstown State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

*PUBLIC ENTITY RISK POOLS*

Trumbull County Schools Employee Insurance Benefit Consortium (the "Consortium")

The District participates in the Consortium. The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

**Ohio School Plan**

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA, and OASBO executive directors serve as ex-officio members. Four hundred and fifty educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

**B. Fund Accounting**

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

***GOVERNMENTAL FUNDS***

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and 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 used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

***Classroom facilities fund*** - The classroom facilities capital projects fund is used to account for and report monies received that are restricted for expenditures in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

***FIDUCIARY FUNDS***

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

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

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets plus deferred outflows of resources and all liabilities plus 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 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) 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

**D. Basis of Accounting**

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

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, 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 to the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

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

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

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities 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 except agency 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. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

3. 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 is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate 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 certificate of estimated resources issued for fiscal year 2015.
4. 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. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. 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.
7. Appropriations 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 June 30, 2015. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

During fiscal year 2015, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, 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 statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$5,148, which includes \$3,089 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 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 when used. Inventories are accounted for using the consumption method.

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

**H. Capital Assets**

General capital 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 deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Land improvements		5 - 20 years
Buildings and improvements		20 - 50 years
Furniture and equipment		5 - 20 years
Vehicles		6 - 10 years

**I. 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.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

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

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

**K. 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.

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.

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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)**

**L. Net Position**

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

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

**M. Prepayments**

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

**N. Estimates**

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

**O. Interfund Activity**

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

**P. 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)**

**Q. 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.

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

On fund financial statements and the government-wide financial statements, issuance costs are expensed/expended in the fiscal year they occur.

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

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. 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 11.F.

**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 14 to the financial statements, and added required supplementary information which is presented on pages 65-72.

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

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

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:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 21,909,466
Deferred outflows - payments subsequent to measurement date	676,252
Net pension liability	<u>(13,586,121)</u>
Restated net position at July 1, 2014	<u>\$ 8,999,597</u>

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	1,487
Title I	11,684
Improving teacher quality	1,978

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.

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

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

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

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

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

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.

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

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 \$220 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. Cash in Segregated Accounts**

At fiscal year-end, \$5,260 was on deposit with Farmers National Bank for an athletic account. This amount is included in the total amount of "Deposits with Financial Institutions".

**C. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$2,941,541, exclusive of the \$767,110 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$1,931,454 of the District's bank balance of \$2,943,656 was exposed to custodial risk as discussed below, while \$1,012,202 was covered by the FDIC.

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

**D. Investments**

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

Investment type	Investment Maturities	
	6 months or	
Repurchase agreement	\$ 767,110	\$ 767,110
STAR Ohio	1	1
Total	\$ 767,111	\$ 767,111

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

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

*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 \$767,110 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.

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

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 types</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 767,110	100.00
STAR Ohio	1	-
Total	<u>\$ 767,111</u>	<u>100.00</u>

**E. 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 above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,941,541
Investments	767,111
Cash on hand	<u>220</u>
Total	<u>\$ 3,708,872</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,683,541
Agency fund	<u>25,331</u>
Total	<u>\$ 3,708,872</u>

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

**NOTE 5 - INTERFUND TRANSACTIONS**

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 6,563</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

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

**NOTE 6 - PROPERTY TAXES**

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

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 Trumbull and Mahoning Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$4,455 in the general fund, \$1,146 in the bond retirement fund, \$67 in the permanent improvement fund (non-major governmental fund) and \$67 in the classroom facilities fund. This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$6,341 in the general fund, \$2,007 in the bond retirement fund and \$245 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

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

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	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 77,974,790	94.36	\$ 76,881,060	93.89
Public utility personal	<u>4,664,570</u>	<u>5.64</u>	<u>4,999,000</u>	<u>6.11</u>
Total	<u>\$ 82,639,360</u>	<u>100.00</u>	<u>\$ 81,880,060</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$53.85		\$53.75	
Debt service	7.80		7.50	
Permanent improvement	1.00		1.00	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Taxes	\$ 3,590,255
Accounts	4,414
Accrued interest	142
Intergovernmental	<u>86,262</u>
Total	<u>\$ 3,681,073</u>

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

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

**NOTE 8 - CAPITAL ASSETS**

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

	Balance 06/30/14	Additions	Deductions	Balance 06/30/15
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 60,088	\$ -	\$ -	\$ 60,088
Construction in progress	<u>18,642,028</u>	<u>5,870,686</u>	<u>(24,512,714)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>18,702,116</u>	<u>5,870,686</u>	<u>(24,512,714)</u>	<u>60,088</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	883,281	1,857,646	-	2,740,927
Buildings and improvements	7,096,664	24,512,714	(547,486)	31,061,892
Furniture and equipment	1,746,027	605,572	(1,570,685)	780,914
Vehicles	795,991	15,000	(138,994)	671,997
Total capital assets, being depreciated	<u>10,521,963</u>	<u>26,990,932</u>	<u>(2,257,165)</u>	<u>35,255,730</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(688,936)	(188,747)	-	(877,683)
Buildings and improvements	(4,365,141)	(610,139)	547,486	(4,427,794)
Furniture and equipment	(1,281,115)	(33,345)	1,183,782	(130,678)
Vehicles	(489,237)	(67,710)	138,994	(417,953)
Total accumulated depreciation	<u>(6,824,429)</u>	<u>(899,941)</u>	<u>1,870,262</u>	<u>(5,854,108)</u>
Governmental activities capital assets, net	<u>\$ 22,399,650</u>	<u>\$ 31,961,677</u>	<u>\$ (24,899,617)</u>	<u>\$ 29,461,710</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 317,707
Special	39,379
<u>Support services:</u>	
Pupil	33,301
Instructional staff	11,513
Board of education	8,794
Administration	47,332
Fiscal	13,190
Operations and maintenance	197,450
Pupil transportation	73,084
Extracurricular activities	118,104
Food service operations	<u>40,087</u>
Total depreciation expense	<u>\$ 899,941</u>

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

**NOTE 9 - LEASE-PURCHASE AGREEMENTS**

On March 1, 2002, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (through the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program) for building improvements throughout the District. U.S. Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments is general operating revenues of the District. The District made \$85,000 in principal payments during fiscal year 2015. Principal and interest payments are recorded as debt service expenditures in the general fund.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,095,324. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2015 was \$328,590, leaving a current book value of \$766,734.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 100,563
2017	101,068
2018	<u>75,676</u>
Total minimum lease payments	277,307
Less: amount representing interest	<u>(20,983)</u>
Total	<u>\$ 256,324</u>

**NOTE 10 - CAPITAL LEASE AGREEMENTS**

- A. On August 25, 2014, the District entered into a capital lease agreement with the Kansas State Bank of Manhattan for school computers. At June 30, 2015, these items acquired by capital lease agreement total \$227,380 and have not been capitalized due to each item being under the capitalization threshold. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. During fiscal year 2015, the District made principal of \$60,106, paid by the general fund, IDEA part B fund (non-major governmental fund) and Title I fund (non-major governmental fund).

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

**NOTE 10 - CAPITAL LEASE AGREEMENTS - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 60,105
2017	60,106
2018	<u>60,105</u>
Total minimum lease payments	180,316
Less: amount representing interest	<u>(13,042)</u>
Total	<u>\$ 167,274</u>

- B.** On July 25, 2013, the District entered into a capital lease agreement with the Sovereign Bank for school buses. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of vehicles have been capitalized in the amount of \$316,280. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2015 was \$90,366, leaving a current book value of \$225,914. During fiscal year 2015, the District made principal and interest payments of \$42,143 and \$6,388, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 48,531
2017	48,531
2018	48,531
2019	48,531
2020	<u>48,531</u>
Total minimum lease payments	242,655
Less: amount representing interest	<u>(16,410)</u>
Total	<u>\$ 226,245</u>

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2002, the District issued \$2,000,000 in general obligation bonds to provide funds for renovations and improvements to Seaborn Elementary. These bonds bear an annual interest rate of 2.10% and matured on December 1, 2014. Payments of principal and interest relating to this bond are recorded as expenditures in the bond retirement fund.

	Balance Outstanding <u>June 30, 2014</u>	Additions	Reductions	Balance Outstanding <u>June 30, 2015</u>
Current interest bonds	\$ 36,555	\$ -	\$ (36,555)	\$ -
Total	<u>\$ 36,555</u>	<u>\$ -</u>	<u>\$ (36,555)</u>	<u>\$ -</u>

- B. Series 2013 General Obligation Bonds: On February 13, 2013, the District issued Series 2013 General Obligation Refunding Bonds to advance refund \$853,228 of the 2002 general obligation bonds.

The refunding issue is comprised of both current interest bonds, par value \$855,000, and capital appreciation bonds, par value \$79,999. The interest rates on the current interest bonds range from 1.00% - 2.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2021. The balance of the current interest refunding bonds at June 30, 2015, is \$820,000. The capital appreciation bonds mature on December 1, 2016 at a redemption price equal to 100% of the principal plus accrued interest to the redemption date at stated approximate yields to maturity of 13.26%. The accreted value at maturity for the capital appreciation bonds is \$130,000. Principal and interest payments will be made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the refunded debt by \$95,426; this amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the life of the new debt issued.

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, 2021.

	Interest <u>Rate</u>	Balance Outstanding <u>June 30, 2014</u>	Additions	Reductions	Balance Outstanding <u>June 30, 2015</u>	Amounts Due in <u>One Year</u>
Current interest bonds	1.00% - 2.00%	\$ 835,000	\$ -	\$ (15,000)	\$ 820,000	\$ 130,000
Capital appreciation bonds	13.26%	79,999	-	-	79,999	-
Accreted interest		14,533	12,955	-	27,488	-
Total		<u>\$ 929,532</u>	<u>\$ 12,955</u>	<u>\$ (15,000)</u>	<u>\$ 927,487</u>	<u>\$ 130,000</u>

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

- C. Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2015, are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Current Interest Bonds - 2015</u>			<u>Capital Appreciation Bonds - 2015</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 130,000	\$ 14,125	\$ 144,125	\$ -	\$ -	\$ -
2017	-	13,150	13,150	79,999	50,001	130,000
2018	130,000	12,175	142,175	-	-	-
2019	135,000	9,850	144,850	-	-	-
2020	140,000	7,100	147,100	-	-	-
2021 - 2022	285,000	5,750	290,750	-	-	-
Total	<u>\$ 820,000</u>	<u>\$ 62,150</u>	<u>\$ 882,150</u>	<u>\$ 79,999</u>	<u>\$ 50,001</u>	<u>\$ 130,000</u>

- D. Series 2012 General Obligation Bonds: On October 23, 2012, the District issued \$9,056,936 in general obligation bonds (Series 2012 Bonds).

The issue is comprised of both current interest bonds, par value \$8,605,000, and capital appreciation bonds par value \$451,936. The interest rates on the current interest bonds range from 1.40% - 3.20%. The capital appreciation bonds mature on December 1, 2015, December 1, 2018, and December 1, 2019 (interest rates at 9.64%) 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 \$451,936. Total accrued interest of \$126,473 has been included in the statement of net position at June 30, 2015. Principal and interest payments will be made by 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 June 1, 2034.

	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2015</u>	<u>Amounts Due in One Year</u>
Current interest bonds	1.40% - 3.20%	\$ 8,400,000	\$ -	\$ (240,000)	\$ 8,160,000	\$ -
Capital appreciation bonds	9.64%	451,936	-	-	451,936	183,093
Accreted interest		74,382	52,091	-	126,473	51,239
Total		<u>\$ 8,926,318</u>	<u>\$ 52,091</u>	<u>\$ (240,000)</u>	<u>\$ 8,738,409</u>	<u>\$ 234,332</u>

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

E. Principal and interest requirements to retire the bonds outstanding at June 30, 2015, are as follows:

Fiscal Year <u>Ending June 30.</u>	<u>Current Interest Bonds - 2015</u>			<u>Capital Appreciation Bonds - 2015</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 229,462	\$ 229,462	\$ 183,093	\$ 61,907	\$ 245,000
2017	250,000	227,587	477,587	-	-	-
2018	250,000	223,837	473,837	-	-	-
2019	-	221,961	221,961	140,760	109,240	250,000
2020	-	221,961	221,961	128,083	121,917	250,000
2021 - 2025	1,300,000	1,045,671	2,345,671	-	-	-
2026 - 2030	1,450,000	896,685	2,346,685	-	-	-
2031 - 2035	1,650,000	684,180	2,334,180	-	-	-
2036 - 2040	1,940,000	897,602	2,837,602	-	-	-
2041 - 2043	<u>1,320,000</u>	<u>70,351</u>	<u>1,390,351</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,160,000</u>	<u>\$ 4,719,297</u>	<u>\$ 12,879,297</u>	<u>\$ 451,936</u>	<u>\$ 293,064</u>	<u>\$ 745,000</u>

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

	Restated Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Amounts Due in One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 36,555	\$ -	\$ (36,555)	\$ -	\$ -
Series 2013 general obligation bonds					
Current interest	835,000	-	(15,000)	820,000	130,000
Capital appreciation bonds	79,999	-	-	79,999	-
Accreted interest	14,533	12,955	-	27,488	-
Series 2012 general obligation bonds					
Current interest	8,400,000	-	(240,000)	8,160,000	-
Capital appreciation bonds	451,936	-	-	451,936	183,093
Accreted interest	74,382	52,091	-	126,473	51,239
Capital leases:					
Bus lease	268,388	-	(42,143)	226,245	43,146
Computer lease	-	227,380	(60,106)	167,274	53,665
Net pension liability	13,586,121	-	(2,152,429)	11,433,692	-
Compensated absences	451,321	143,673	(106,282)	488,712	138,069
Lease-purchase agreements payable	341,324	-	(85,000)	256,324	89,000
Total governmental activities	<u>\$ 24,539,559</u>	<u>\$ 436,099</u>	<u>\$ (2,737,515)</u>	<u>22,238,143</u>	<u>\$ 688,212</u>
Add: Unamortized premium on bonds				<u>200,672</u>	
Total on statement of net position				<u>\$ 22,438,815</u>	

**Compensated Absences:** Compensated absences will be paid from the fund from which the employees' salaries are paid, which is primarily the general fund. The lease-purchase agreements will be paid from the general fund and the Joe Lane Sports Complex fund (a nonmajor governmental fund).

**Net Pension Liability:** See Note 14 for details.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**G. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The 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 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. The District was determined to be a "special needs" district by the State Superintendent on March 6, 2012.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement for certified employees, payment is made for 25% of unused accumulated sick leave days up to 216 days plus 14% of sick leave days in excess of 216 days. Upon retirement for classified employees, payment is made for 25% of unused accumulated sick leave days up to 180 days plus 13% of sick leave days in excess of 180 days.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees. Certified employees are covered up to \$45,000, classified employees are covered up to \$40,000 and bus drivers are covered up to \$32,000.

**NOTE 13 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District contracted with First Place Insurance for property insurance and inland marine coverage; and with Indiana Insurance for fleet and liability insurance. Coverages are as follows:

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

**NOTE 13 - RISK MANAGEMENT - (Continued)**

<i>Indiana Insurance provider for:</i>	
Building and Contents - replacement cost (\$5,000 deductible)	\$54,636,239
Inland Marine Coverage (\$1,000 deductible)	
Boiler Insurance (\$1,000 deductible)	
Crime / Dishonesty Insurance (\$1,000 deductible)	25,000
<i>Ohio School Plan - Indiana Insurance provider for:</i>	
Automobile Liability (\$5,000 deductible)	1,000,000
Uninsured Motorists (\$5,000 deductible)	50,000
General Liability	1,000,000
Per occurrence	3,000,000
Fleet Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverage in the past year.

**B. Medical, Dental, Vision and Drug Benefits**

The District has contracted with the Trumbull County School Employees Insurance Consortium to provide employee medical, prescription drug, vision and dental benefits. The Trumbull County School Employees Insurance Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. Weathersfield Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The following table summarizes the monthly premiums:

	<u>Family Coverage</u>	<u>Single Coverage</u>
Medical/Prescription PPO II	\$1,240.84	\$476.89
Medical/Prescription PPO III	1,099.64	422.44
Vision	5.32	1.93
Dental	73.11	20.63

For employees hired after July 1, 2008, the District pays 90% of the premium for either PPO II or PPO III. If hired before July 1, 2008, the District pays 95% of either PPO II or III. The plan utilizes a \$5.00 deductible for generic drugs and a \$10.00 deductible for brand name drugs. As of July 1, 2013, all employees moved to either PPO II or PPO III.

**C. Workers' Compensation**

The District uses the firm of Sheakley Uniservice, Inc. to provide administrative support for claims processing, and to assist the District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The District purchases its workers compensation coverage from the Bureau of Workers Compensation.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$153,806 for fiscal year 2015. Of this amount \$12,196 is reported as pension and postemployment benefits payable.

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

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

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$549,050 for fiscal year 2015. Of this amount, \$89,408 is reported as pension and postemployment benefits payable.

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 2,077,821	\$ 9,355,871	\$ 11,433,692
Proportion of the net pension liability	0.04105600%	0.03846439%	
Pension expense	\$ 121,256	\$ 362,920	\$ 484,176

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

	SERS	STRS	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 17,684	\$ 90,071	\$ 107,755
District contributions subsequent to the measurement date	<u>153,806</u>	<u>549,050</u>	<u>702,856</u>
Total deferred outflows of resources	<u>\$ 171,490</u>	<u>\$ 639,121</u>	<u>\$ 810,611</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 337,236</u>	<u>\$ 1,730,872</u>	<u>\$ 2,068,108</u>
Total deferred inflows of resources	<u>\$ 337,236</u>	<u>\$ 1,730,872</u>	<u>\$ 2,068,108</u>

\$702,856 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:

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (79,888)	\$ (410,200)	\$ (490,088)
2017	(79,888)	(410,200)	(490,088)
2018	(79,888)	(410,200)	(490,088)
2019	<u>(79,888)</u>	<u>(410,201)</u>	<u>(490,089)</u>
<b>Total</b>	<b><u>\$ (319,552)</u></b>	<b><u>\$ (1,640,801)</u></b>	<b><u>\$ (1,960,353)</u></b>

***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	Current		
	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 2,964,433	\$ 2,077,821	\$ 1,332,103

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - 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:

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - 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 (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 13,393,949	\$ 9,355,871	\$ 5,941,015

**NOTE 15 - 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 \$19,848.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$29,863, \$19,644, and \$22,324, respectively. For fiscal year 2015, 92.53 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, \$40,184, and \$40,984 respectively. The full amount has been contributed for fiscal years 2014 and 2013.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures 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); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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:

	<b>Net Change in Fund Balance</b>	<b>General fund</b>
Budget basis		\$ (16,584)
Net adjustment for revenue accruals		(13,038)
Net adjustment for expenditure accruals		(229,422)
Net adjustment for other sources/uses		178,225
Funds budgeted elsewhere		5,546
Adjustment for encumbrances		<u>275,488</u>
GAAP basis		<u>\$ 200,215</u>

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

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not involved in 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

**NOTE 18 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Current year set-aside requirement	167,238
Current year qualifying expenditures	<u>(246,070)</u>
Total	<u>\$ (78,832)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

**NOTE 19 - OTHER COMMITMENTS**

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

	<u>Year-End Encumbrances</u>
General fund	\$ 268,727
Classroom facilities	176,494
Other governmental	<u>29,910</u>
Total	<u>\$ 475,131</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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	0.04105600%	0.04105600%
District's proportionate share of the net pension liability	\$ 2,077,821	\$ 2,441,469
District's covered-employee payroll	\$ 1,193,016	\$ 1,071,575
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	227.84%
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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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	0.03846439%	0.03846439%
District's proportionate share of the net pension liability	\$ 9,355,871	\$ 11,144,652
District's covered-employee payroll	\$ 3,930,000	\$ 4,098,400
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	271.93%
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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Contractually required contribution	\$ 153,806	\$ 165,352	\$ 148,306	\$ 139,679
Contributions in relation to the contractually required contribution	(153,806)	(165,352)	(148,306)	(139,679)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,166,965	\$ 1,193,016	\$ 1,071,575	\$ 1,038,506
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 129,233	\$ 138,689	\$ 101,448	\$ 103,909	\$ 109,578	\$ 120,441
(129,233)	(138,689)	(101,448)	(103,909)	(109,578)	(120,441)
<b>\$ -</b>					
\$ 1,028,107	\$ 1,024,291	\$ 1,030,976	\$ 1,058,136	\$ 1,026,011	\$ 1,138,384
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Contractually required contribution	\$ 549,050	\$ 510,900	\$ 532,792	\$ 545,336
Contributions in relation to the contractually required contribution	<u>(549,050)</u>	<u>(510,900)</u>	<u>(532,792)</u>	<u>(545,336)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,921,786	\$ 3,930,000	\$ 4,098,400	\$ 4,194,892
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 533,398	\$ 541,731	\$ 528,566	\$ 526,414	\$ 503,442	\$ 495,501
(533,398)	(541,731)	(528,566)	(526,414)	(503,442)	(495,501)
<b>\$ -</b>					
\$ 4,103,062	\$ 4,167,162	\$ 4,065,892	\$ 4,049,338	\$ 3,872,631	\$ 3,811,546
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

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

***SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO***

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

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

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

***STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO***

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	33,093	33,093
Cash Assistance:			
National School Breakfast Program	10.553	43,123	43,123
National School Lunch Program	10.555	<u>193,256</u>	<u>193,256</u>
<i>Total Nutrition Cluster</i>		<u>236,379</u>	<u>236,379</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>236,379</u></b>	<b><u>236,379</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Title I			
Title I Grants to Local Educational Agencies - 2014	84.010	-	11,075
Title I Grants to Local Educational Agencies - 2015	84.010	<u>175,599</u>	<u>165,769</u>
<i>Total Title I Grants to Local Educational Agencies</i>		<u>175,599</u>	<u>176,844</u>
Special Education Cluster (IDEA)			
Special Education Grants to States - 2015	84.027	<u>159,842</u>	<u>156,051</u>
<i>Total Special Education Cluster Grants to States</i>		<u>159,842</u>	<u>156,051</u>
Improving Teacher Quality State Grants Title II, Part A			
Improving Teacher Quality State Grants	84.367	<u>35,180</u>	<u>34,391</u>
<i>Total Improving Teacher Quality State Grants</i>		<u>35,180</u>	<u>34,391</u>
<b>TOTALS</b>		<b><u>\$640,093</u></b>	<b><u>\$636,758</u></b>

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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 Weathersfield Local School District's (the District's) federal award programs' receipts and expenditures. 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

Weathersfield Local School District  
Trumbull County  
1334 Seaborn Street  
Mineral Ridge, Ohio 44440

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 Weathersfield Local School District, Trumbull 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 January 29, 2016 wherein we noted the District adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions –an amendment of GASB Statement No. 27 and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

Weathersfield Local School District  
Trumbull County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***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*.

***Entity's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



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

January 29, 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

Weathersfield Local School District  
Trumbull County  
1334 Seaborn Street  
Mineral Ridge, Ohio 44440

To the Board of Education:

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

We have audited the Weathersfield 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 Weathersfield 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 Weathersfield 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.

Weathersfield Local School District

Trumbull County

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

Page 2

***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 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

January 29, 2016

**WEATHERSFIELD LSD 2015  
TRUMBULL COUNTY**

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

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

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

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

**1. Budget Balances Not Accurately Entered In Accounting System**

<i>Finding Number</i>	2015-001
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**SIGNIFICANT DEFICIENCY**

The District uses the Uniform School Accounting Software (USAS) as its accounting system. USAS allows for the inputting of budgetary data so management can monitor actual receipts and expenditures versus budgeted balances approved by the Board.

For fiscal year 2015, we noted the Board approved temporary appropriations passed in June of 2014 totaling \$8.8 million and permanent appropriations passed in September of 2014 totaling \$23.4 million were not accurately entered into USAS. The total appropriations entered into USAS from July 2014 through May 2015 were only between \$3.5 million and \$4 million.

Failure to timely and accurately post appropriation balances to the accounting system could result in the Board making decisions on financial information that is not accurate.

The Treasurer should ensure that timely and accurate budgetary data is entered into USAS.

**Official's Response:** The Treasurer utilizes the USAS appropriation program at year end. As of June 30th the appropriations are entered and meet all requirements per ORC. Monthly, the Treasurer reviews the appropriation and expenditure and revenue of the District and shares this information at monthly work sessions with the Board of Education and the Superintendent. The tools used are the five year forecast software and self designed worksheet.

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

None



# Dave Yost • Auditor of State

WEATHERSFIELD LOCAL SCHOOL DISTRICT

TRUMBULL 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
MARCH 17, 2016