



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2016**

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BELMONT COUNTY
JUNE 30, 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds 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 24A to the financial statements, the Governing Authority of the discretely presented component unit, Utica Shale Academy – Belmont (the Academy), approved a voluntary closure of the Academy effective June 30, 2016. Also, as discussed in Note 24G to the financial statements, the Academy's foundation funding is based on annualized full-time equivalent (FTE) enrollment of each student. During an FTE review, the Ohio Department of Education (ODE) found the Academy had an FTE of 14.96, which was 50.0 percent less than the 29.91 FTE reported. At the opinion date, the Academy had not yet completed the appeal process; therefore, a contingency has been disclosed. We did not modify our opinion regarding these matters.

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 School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2017

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Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

The discussion and analysis of the Barnesville Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2016 are as follows:

- Net position of governmental activities increased \$480,346.
- General revenues accounted for \$11,457,946 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$3,753,435 or 25 percent of total revenues of \$15,211,381.
- Total assets of governmental activities increased \$1,761,731, primarily due to increases in cash and cash equivalents, and property taxes receivable. The increase was offset slightly by annual depreciation on capital assets.
- The School District had \$14,731,035 in expenses related to governmental activities; only \$3,753,435 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues of \$11,457,946 were adequate to provide for these programs.
- Governmental funds had total revenues in the amount of \$15,100,431 and \$14,682,410 in expenditures. Overall, including other financing sources and uses, the fund balance of total Governmental funds increased \$418,021.

Using this Annual Financial Report

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, operation of non-instructional services, food service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Schoolwide Pool Special Revenue Fund, and the Debt Service Fund.

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 compared to 2015.

Table 1
Net Position
Governmental Activities

	2016	2015	Change
Assets			
Current and Other Assets	\$13,282,020	\$11,093,969	\$2,188,051
Capital Assets	13,685,605	14,111,925	(426,320)
Total Assets	26,967,625	25,205,894	1,761,731
Deferred Outflow of Resources			
Pension	1,608,142	1,015,548	592,594
Liabilities			
Current and Other Liabilities	1,434,582	1,067,483	367,099
Long-Term Liabilities:			
Due Within One Year	381,835	351,760	30,075
Due in More Than One Year:			
Net Pension Liability	15,838,012	14,032,971	1,805,041
Other Amounts	2,559,451	2,806,223	(246,772)
Total Liabilities	20,213,880	18,258,437	1,955,443
Deferred Inflows of Resources			
Property Taxes	5,140,933	3,849,589	1,291,344
Pension	1,163,916	2,536,724	(1,372,808)
Total Deferred Inflows of Resources	6,304,849	6,386,313	(81,464)
Net Position			
Net Investment in Capital Assets	11,696,185	11,823,846	(127,661)
Restricted	1,326,648	1,224,776	101,872
Unrestricted (Deficit)	(10,965,795)	(11,471,930)	506,135
Total Net Position	\$2,057,038	\$1,576,692	\$480,346

The net pension liability is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

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

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

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

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

In total, assets increased \$1,761,731. Current and other assets increased \$2,188,051, primarily due to increases in property taxes receivable, as well as cash and cash equivalents. The increase in property taxes receivable is due primarily to increases in assessed valuation, as well as an increase in estimated taxes to be received from oil and gas extraction activities. The increase in cash and cash equivalents is due primarily to increased property tax revenue during fiscal year 2016. The increase in current and other assets was offset by a decrease in capital assets in the amount of \$426,320, as annual depreciation on capital assets exceeded capital asset additions.

In total, liabilities increased \$1,955,443. Current and other liabilities increased \$367,099 primarily due to an increase in accrued wages and benefits. The increase in accrued wages and benefits was primarily due to the School District accruing 4 pays as opposed to 3 pays in the prior fiscal year, as well as raises for both the certified and classified staff. The increase in long-term liabilities in the amount of \$1,588,344 was due primarily to an increase in net pension liability. For more detailed information on the net pension liability, see Note 11.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Table 2 shows the changes in net position for the fiscal year 2016 compared to fiscal year 2015.

Table 2			
Changes in Net Position			
Governmental Activities			
	2016	2015	Change
Revenues			
Program Revenues			
Charges for Services	\$1,774,307	\$1,348,310	\$425,997
Operating Grants and Contributions	1,979,128	2,022,631	(43,503)
Total Program Revenues	3,753,435	3,370,941	382,494
General Revenues			
Property Taxes	5,078,915	4,166,617	912,298
Grants and Entitlements not Restricted to Specific Programs	6,089,297	6,175,671	(86,374)
Others	289,734	129,413	160,321
Total General Revenues	11,457,946	10,471,701	986,245
Total Revenues	15,211,381	13,842,642	1,368,739
Program Expenses			
Instruction			
Regular	6,910,866	6,617,499	293,367
Special	1,635,717	1,338,554	297,163
Vocational	118,055	120,512	(2,457)
Student Intervention Services	52,792	28,627	24,165
Support Services			
Pupil	1,113,258	922,971	190,287
Instructional Staff	541,930	530,742	11,188
Board of Education	40,673	49,312	(8,639)
Administration	848,829	605,041	243,788
Fiscal	517,820	645,409	(127,589)
Business	62,546	43,419	19,127
Operation and Maintenance of Plant	1,378,132	1,296,229	81,903
Pupil Transportation	566,647	697,952	(131,305)
Central	4,098	13,770	(9,672)
Operation of Non-Instructional Services	11,330	12,525	(1,195)
Food Service Operations	530,315	421,830	108,485
Extracurricular Activities	290,006	237,242	52,764
Interest and Fiscal Charges	108,021	116,869	(8,848)
Total Expenses	14,731,035	13,698,503	1,032,532
Increase in Net Position	480,346	144,139	336,207
Net Position Beginning of Year	1,576,692	1,432,553	144,139
Net Position End of Year	\$2,057,038	\$1,576,692	\$480,346

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

In 2016, 33 percent of the School District's revenues were from property taxes and 40 percent were from unrestricted grants and entitlements. The School District experienced a slight decrease in operating grants and contributions from fiscal year 2015 due to decreased State and Federal funding.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 79 percent is for regular instruction, 19 percent for special instruction, and vocational, and student intervention services account for the remaining 2 percent. Instructional program expenses increased \$612,238. Total expenses increased \$1,032,532 due primarily to staff salary raises, increases in accrued wages, and increases in spending on educational materials as the School District improves curriculum.

The Statement of Activities shows the cost of program services and the charges for services, and operating grants and contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2016 compared to fiscal year 2015. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction:				
Regular	\$6,910,866	\$6,617,499	\$5,000,272	\$4,876,116
Special	1,635,717	1,338,554	726,304	532,054
Vocational	118,055	120,512	62,002	88,847
Student Intervention Services	52,792	28,627	(46,531)	7,543
Support Services:				
Pupil	1,113,258	922,971	1,101,999	906,420
Instructional Staff	541,930	530,742	475,094	491,011
Board of Education	40,673	49,312	40,673	49,312
Administration	848,829	605,041	829,152	586,246
Fiscal	517,820	645,409	491,344	609,429
Business	62,546	43,419	62,546	43,419
Operation and Maintenance of Plant	1,378,132	1,296,229	1,339,893	1,257,964
Pupil Transportation	566,647	697,952	560,497	614,526
Central	4,098	13,770	4,098	13,770
Operation of Non-Instructional Service	11,330	12,525	(255)	806
Food Service Operations	530,315	421,830	119,107	53,212
Extracurricular Activities	290,006	237,242	103,384	80,018
Interest and Fiscal Charges	108,021	116,869	108,021	116,869
Total Expenses	\$14,731,035	\$13,698,503	\$10,977,600	\$10,327,562

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 75 percent of expenses are supported through taxes and other general revenues.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, Schoolwide Pool Special Revenue Fund, and the Debt Service Fund. The General Fund had \$13,105,166 in revenues and \$10,489,390 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$533,212. The Schoolwide Pool Fund had \$403,501 in revenues and \$2,486,065 in expenditures. Overall, including other financing sources, the Schoolwide Pool Fund had no change in fund balance. The Debt Service Fund had \$285,937 in revenues and \$275,579 in expenditures. The Debt Service Fund's balance increased \$10,358.

General Fund Budgeting Highlights

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

During the course of fiscal year 2016, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were increases and decreases for instructional expenditures between the final budget and actual expenditures that reflected actual School District operational costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the School District had \$13,685,605 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2016, the School District had \$2,198,070 in outstanding bonds including premiums, and accretion. In addition, the School District had \$40,219 in outstanding capital leases. See Note 16 for more information on the School District's long-term obligations, which also includes long-term intergovernmental payable, compensated absences, and the net pension liability.

Economic Factors

During fiscal year 2008, the Barnesville Exempted Village School District was released from fiscal emergency. The current five year forecast reflects that the School District will encounter deficit spending within the next five years; however, the School District's carryover balance is sufficient to ensure that the School District maintains a positive cash balance throughout the five year period.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

In fiscal year 2009, the School District applied and was approved for a House Bill 264 energy conservation project through the Ohio School Facilities Commission. The project is intended to improve energy efficiency in the School District and the total project cost was \$951,728 which included additional fees for the issuance of the bonds in the amount of \$14,289. The School District chose to pay for \$251,298 of the project with local funds and financed the remaining portion of \$714,719, which included \$700,430 in project funds and \$14,289 in issuance costs and the School District issued \$714,419 in debt via the 2009 Qualified School Construction Bond (QSCB) Program, on November 24, 2009.

The School District continues to rely heavily on State foundation funding. New public utility personal property taxes received in recent years from the Rockies Express Pipeline will continue to help offset the any potential reductions in State funding. The School District has not solicited voters to support a tax levy in order to generate additional revenue.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Matt King, Treasurer/CFO at Barnesville Exempted Village School District, 210 W. Church Street, Barnesville, Ohio 43713.

Barnesville Exempted Village School District
Statement of Net Position
June 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Utica Shale Academy - Belmont
Assets		
Equity in Pooled Cash and Cash Equivalents	\$7,456,103	\$31,971
Intergovernmental Receivable	381,714	0
Prepaid Items	7,453	0
Materials and Supplies Inventory	25,289	0
Property Taxes Receivable	5,411,461	0
Non-Depreciable Capital Assets	317,172	0
Depreciable Capital Assets, Net	13,368,433	0
<i>Total Assets</i>	<u>26,967,625</u>	<u>31,971</u>
Deferred Outflows of Resources		
Pension	1,608,142	0
Liabilities		
Accounts Payable	153,508	0
Accrued Wages and Benefits Payable	900,666	0
Intergovernmental Payable	245,518	31,971
Matured Severance Payable	10,631	0
Contracts Payable	23,760	0
Accrued Interest Payable	4,956	0
Vacation Benefits Payable	95,543	0
Long-Term Liabilities:		
Due Within One Year	381,835	0
Due In More Than One Year:		
Net Pension Liability (See Note 11)	15,838,012	0
Other Amounts	2,559,451	0
<i>Total Liabilities</i>	<u>20,213,880</u>	<u>31,971</u>
Deferred Inflows of Resources		
Property Taxes	5,140,933	0
Pension	1,163,916	0
<i>Total Deferred Inflows of Resources</i>	<u>6,304,849</u>	<u>0</u>
Net Position		
Net Investment in Capital Assets	11,696,185	0
Restricted for:		
Debt Service	960,056	0
Building Maintenance	103,513	0
Food Service Operation	30,977	0
Federal Programs	87,710	0
State Programs	22,456	0
Local Programs	121,936	0
Unrestricted (Deficit)	(10,965,795)	0
<i>Total Net Position</i>	<u><u>\$2,057,038</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Primary Government	Component Unit
				Governmental Activities	Utica Shale Academy - Belmont
Governmental Activities					
Instruction:					
Regular	\$6,910,866	\$1,361,529	\$549,065	(\$5,000,272)	\$0
Special	1,635,717	110,855	798,558	(726,304)	0
Vocational	118,055	0	56,053	(62,002)	0
Student Intervention Services	52,792	0	99,323	46,531	0
Support Services:					
Pupil	1,113,258	0	11,259	(1,101,999)	0
Instructional Staff	541,930	0	66,836	(475,094)	0
Board of Education	40,673	0	0	(40,673)	0
Administration	848,829	0	19,677	(829,152)	0
Fiscal	517,820	0	26,476	(491,344)	0
Business	62,546	0	0	(62,546)	0
Operation and Maintenance of Plant	1,378,132	0	38,239	(1,339,893)	0
Pupil Transportation	566,647	0	6,150	(560,497)	0
Central	4,098	0	0	(4,098)	0
Operation of Non-Instructional Services	11,330	0	11,585	255	0
Food Service Operations	530,315	115,301	295,907	(119,107)	0
Extracurricular Activities	290,006	186,622	0	(103,384)	0
Interest and Fiscal Charges	108,021	0	0	(108,021)	0
<i>Total Primary Government</i>	<u>\$14,731,035</u>	<u>\$1,774,307</u>	<u>\$1,979,128</u>	<u>(10,977,600)</u>	<u>0</u>
Component Unit					
Utica Shale Academy - Belmont	<u>\$203,434</u>	<u>\$0</u>	<u>\$235,002</u>	<u>0</u>	<u>31,568</u>
General Revenues					
Property Taxes Levied for General Purposes				4,756,251	0
Property Taxes Levied for Building Maintenance				74,690	0
Property Taxes Levied for Debt Service				247,974	0
Grants and Entitlements not Restricted to Specific Programs				6,089,297	0
Gifts and Donations				40,841	0
Investment Earnings				100,380	403
Miscellaneous				148,513	0
<i>Total General Revenues</i>				<u>11,457,946</u>	<u>403</u>
Special Item				<u>0</u>	<u>(31,971)</u>
<i>Change in Net Position</i>				480,346	0
<i>Net Position Beginning of Year</i>				<u>1,576,692</u>	<u>0</u>
<i>Net Position End of Year</i>				<u>\$2,057,038</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,927,137	\$0	\$950,419	\$578,547	\$7,456,103
Receivables:					
Property Taxes	5,085,661	0	253,538	72,262	5,411,461
Intergovernmental	105,530	0	0	276,184	381,714
Interfund	62,583	342,788	0	0	405,371
Prepaid Items	7,453	0	0	0	7,453
Materials and Supplies Inventory	17,518	0	0	7,771	25,289
<i>Total Assets</i>	<u>\$11,205,882</u>	<u>\$342,788</u>	<u>\$1,203,957</u>	<u>\$934,764</u>	<u>\$13,687,391</u>
Liabilities					
Accounts Payable	\$129,610	\$0	\$0	\$23,898	\$153,508
Accrued Wages and Benefits	527,427	301,486	0	71,753	900,666
Contracts Payable	23,760	0	0	0	23,760
Matured Severance Payable	10,631	0	0	0	10,631
Interfund Payable	301,934	0	0	103,437	405,371
Intergovernmental Payable	189,236	41,302	0	14,980	245,518
<i>Total Liabilities</i>	<u>1,182,598</u>	<u>342,788</u>	<u>0</u>	<u>214,068</u>	<u>1,739,454</u>
Deferred Inflows of Resources					
Property Taxes	4,833,817	0	238,945	68,171	5,140,933
Unavailable Revenue	131,426	0	4,538	135,557	271,521
<i>Total Deferred Inflows of Resources</i>	<u>4,965,243</u>	<u>0</u>	<u>243,483</u>	<u>203,728</u>	<u>5,412,454</u>
Fund Balances					
Nonspendable:					
Materials and Supplies Inventory	17,518	0	0	7,771	25,289
Prepaid Items	7,453	0	0	0	7,453
Restricted for:					
Debt Service	0	0	960,474	0	960,474
Building Maintenance	0	0	0	102,251	102,251
Food Service Operation	0	0	0	23,206	23,206
Local Programs	0	0	0	121,936	121,936
Committed to:					
Capital Projects	0	0	0	285,933	285,933
Assigned to:					
Purchases on Order	393,388	0	0	0	393,388
Unassigned (Deficit)	4,639,682	0	0	(24,129)	4,615,553
<i>Total Fund Balances</i>	<u>5,058,041</u>	<u>0</u>	<u>960,474</u>	<u>516,968</u>	<u>6,535,483</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$11,205,882</u>	<u>\$342,788</u>	<u>\$1,203,957</u>	<u>\$934,764</u>	<u>\$13,687,391</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2016*

Total Governmental Fund Balances \$6,535,483

*Amounts reported for governmental activities in the
Statement of Net Position are different because*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 13,685,605

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Intergovernmental	134,295
Tuition and Fees	52,765
Property Taxes	84,461

Total 271,521

Vacation Benefits Payable is recognized for earned
vacation benefits that are not expected to be paid with expendable
available financial resources and therefore are not reported in the funds. (95,543)

Long-term liabilities and accrued interest payable
are not due and payable in the current period
and therefore are not reported in the funds:

General Obligation Bonds	1,755,000
Capital Appreciation Bonds	94,999
Bond Premium	75,442
Accrued Interest Payable	4,956
Intergovernmental Payable	20,000
Capital Leases	40,219
Compensated Absences	682,997
Capital Appreciation Bonds Accretion	272,629

Total (2,946,242)

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 the governmental funds:

Deferred Outflows - Pension	1,608,142
Net Pension Liability	(15,838,012)
Deferred Inflows - Pension	(1,163,916)

Total (15,393,786)

Net Position of Governmental Activities \$2,057,038

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$4,766,213	\$0	\$250,107	\$74,850	\$5,091,170
Intergovernmental	6,570,294	403,501	26,476	933,859	7,934,130
Interest	85,520	0	9,354	5,506	100,380
Tuition and Fees	1,478,149	0	0	0	1,478,149
Extracurricular Activities	48,648	0	0	137,974	186,622
Gifts and Donations	25,180	0	0	15,661	40,841
Charges for Services	5,325	0	0	115,301	120,626
Miscellaneous	125,837	0	0	22,676	148,513
<i>Total Revenues</i>	<u>13,105,166</u>	<u>403,501</u>	<u>285,937</u>	<u>1,305,827</u>	<u>15,100,431</u>
Expenditures					
Current:					
Instruction:					
Regular	4,568,856	1,795,609	0	228,467	6,592,932
Special	852,549	463,365	0	276,848	1,592,762
Vocational	100,463	0	0	0	100,463
Student Intervention Services	11,713	0	0	41,286	52,999
Support Services:					
Pupil	1,037,693	69,371	0	1,000	1,108,064
Instructional Staff	553,456	38,666	0	55,758	647,880
Board of Education	40,673	0	0	0	40,673
Administration	554,674	119,054	0	330	674,058
Fiscal	460,196	0	7,188	1,819	469,203
Business	42,738	0	0	0	42,738
Operation and Maintenance of Plant	1,259,293	0	0	147,041	1,406,334
Pupil Transportation	660,555	0	0	5,707	666,262
Central	4,098	0	0	0	4,098
Operation of Non-Instructional Services	74	0	0	9,966	10,040
Food Service Operations	0	0	0	488,397	488,397
Extracurricular Activities	121,174	0	0	174,757	295,931
Capital Outlay	131,444	0	0	0	131,444
Debt Service:					
Principal Retirement	76,960	0	210,000	0	286,960
Interest and Fiscal Charges	12,781	0	58,391	0	71,172
<i>Total Expenditures</i>	<u>10,489,390</u>	<u>2,486,065</u>	<u>275,579</u>	<u>1,431,376</u>	<u>14,682,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,615,776</u>	<u>(2,082,564)</u>	<u>10,358</u>	<u>(125,549)</u>	<u>418,021</u>
Other Financing Sources (Uses)					
Transfers In	0	2,082,564	0	0	2,082,564
Transfers Out	(2,082,564)	0	0	0	(2,082,564)
Total Other Financing Sources (Uses)	<u>(2,082,564)</u>	<u>2,082,564</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	533,212	0	10,358	(125,549)	418,021
<i>Fund Balances Beginning of Year</i>	<u>4,524,829</u>	<u>0</u>	<u>950,116</u>	<u>642,517</u>	<u>6,117,462</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,058,041</u></u>	<u><u>\$0</u></u>	<u><u>\$960,474</u></u>	<u><u>\$516,968</u></u>	<u><u>\$6,535,483</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016*

Net Change in Fund Balances - Total Governmental Funds \$418,021

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period

Capital Asset Additions	572,119	
Current Year Depreciation	(868,599)	
Total		(296,480)

Capital Assets removed from the capital asset account on the statement of net position results in a gain or loss on disposal of capital assets on the statement of activities: (129,840)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Intergovernmental	134,295	
Property Taxes	(12,255)	
Tuition and Fees	(11,090)	
Total		110,950

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position

General Obligation Bonds	255,000	
Capital Leases	31,960	
Total		286,960

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities, and the accretion of interest on capital appreciation bonds is reported in the Statement of Activities

Accretion of Interest	(49,465)	
Accrued Interest	1,157	
Total		(48,308)

Bond premiums are reported as other financing sources in the governmental funds but are allocated as an expense over the life of the bond on the Statement of Activities 11,459

Some expenses reported in the Statement of Activities, such as compensated absences and vacation benefits payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Intergovernmental Payable	(20,000)	
Vacation Benefits Payable	(520)	
Compensated Absences Payable	(12,257)	
Total		(32,777)

Contractually required contributions are reported as expenditures in the governmental funds however, the Statement of Net Position reports these amounts as deferred outflows 917,652

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities (757,291)

Changes in Net Position of Governmental Activities \$480,346

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$4,463,104	\$4,463,104	\$5,016,460	\$553,356
Intergovernmental	5,755,055	5,755,055	6,583,099	828,044
Interest	0	0	53,345	53,345
Tuition and Fees	1,291,951	1,291,951	1,425,384	133,433
Extracurricular Activities	58,725	58,725	48,648	(10,077)
Gifts and Donations	0	0	25,180	25,180
Charges for Services	0	0	5,325	5,325
Miscellaneous	176,175	176,175	108,798	(67,377)
<i>Total Revenues</i>	<u>11,745,010</u>	<u>11,745,010</u>	<u>13,266,239</u>	<u>1,521,229</u>
Expenditures				
Current:				
Instruction:				
Regular	7,866,645	8,803,523	4,524,812	4,278,711
Special	358,987	383,109	826,293	(443,184)
Vocational	53,912	53,912	137,646	(83,734)
Student Intervention Services	3,771	3,771	11,713	(7,942)
Support Services:				
Pupil	429,122	429,122	1,027,846	(598,724)
Instructional Staff	295,805	295,805	556,802	(260,997)
Board of Education	25,656	25,656	44,509	(18,853)
Administration	234,317	234,317	554,855	(320,538)
Fiscal	315,363	315,363	475,097	(159,734)
Business	28,040	28,040	45,849	(17,809)
Operation and Maintenance of Plant	695,047	696,047	1,343,598	(647,551)
Pupil Transportation	303,608	303,608	710,945	(407,337)
Central	4,540	4,540	8,657	(4,117)
Extracurricular Activities	52,885	63,885	121,289	(57,404)
Capital Outlay	136,664	136,664	307,514	(170,850)
Debt Service:				
Principal Retirement	22,500	22,500	45,000	(22,500)
Interest and Fiscal Charges	4,787	4,787	8,741	(3,954)
<i>Total Expenditures</i>	<u>10,831,649</u>	<u>11,804,649</u>	<u>10,751,166</u>	<u>1,053,483</u>
Excess of Revenues Over (Under) Expenditures	913,361	(59,639)	2,515,073	2,574,712
Other Financing Uses				
Transfers Out	(997,461)	(997,461)	(2,050,232)	(1,052,771)
<i>Net Change in Fund Balance</i>	(84,100)	(1,057,100)	464,841	1,521,941
<i>Fund Balance Beginning of Year</i>	4,709,521	4,709,521	4,709,521	0
Prior Year Encumbrances Appropriated	259,110	259,110	259,110	0
<i>Fund Balance End of Year</i>	<u>\$4,884,531</u>	<u>\$3,911,531</u>	<u>\$5,433,472</u>	<u>\$1,521,941</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	2,169,247	2,274,247	1,750,051	524,196
Special	174,641	174,641	442,195	(267,554)
Support Services:				
Pupil	47,500	47,500	71,597	(24,097)
Instructional Staff	5,101	5,101	34,512	(29,411)
Administration	55,581	55,581	118,380	(62,799)
<i>Total Expenditures</i>	<u>2,452,070</u>	<u>2,557,070</u>	<u>2,416,735</u>	<u>140,335</u>
Excess of Revenues Under Expenditures	<u>(2,452,070)</u>	<u>(2,557,070)</u>	<u>(2,416,735)</u>	<u>140,335</u>
Other Financing Sources (Uses)				
Transfers In	2,500,000	2,605,000	2,416,735	(188,265)
Transfers Out	(47,930)	(47,930)	0	47,930
Total Other Financing Sources (Uses)	<u>2,452,070</u>	<u>2,557,070</u>	<u>2,416,735</u>	<u>(140,335)</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$274,504	\$59,593
<i>Total Assets</i>	274,504	\$59,593
Liabilities		
Due to Students	0	\$59,593
<i>Total Liabilities</i>	0	\$59,593
Net Assets		
Held in Trust for Scholarships	274,504	
<i>Total Net Position</i>	\$274,504	

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Fund
Additions	
Interest	\$2,716
Contributions and Donations	13,943
Total Additions	16,659
Deductions	
Payments in Accordance with Trust Agreements	19,500
<i>Change in Net Position</i>	(2,841)
<i>Net Position Beginning of Year</i>	277,345
<i>Net Position End of Year</i>	\$274,504

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 3 instructional/support facilities staffed by 51 non-certified employees, 87 certificated personnel and 11 administrative employees to provide services to 1,411 students and other community members.

The School District was established in 1855 as the Barnesville Public Schools, with the first high school being established in 1878. In 1957, the Barnesville Exempted Village School District combined the former Warren Township Rural Local School District, the Somerset Township Rural Local School District, the Kirkwood Township Rural Local School District and portions of the Wayne Township Rural School District. The School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. There is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 126 square miles. It is located in Belmont County, including all of the Village of Barnesville, Warren Township, Somerset Township and Kirkwood Township, along with portions of Wayne Township, Flushing Township and Goshen Township.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District's only component unit is the Utica Shale Academy - Belmont.

The Utica Shale Academy - Belmont (the Academy) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Academy's mission, under a contractual agreement with the Barnesville Exempted Village School District (the Sponsor), is to help at-risk high school students to ensure a high school diploma and prepare students for possible careers in the gas/oil industry. The Academy will serve area high school students, grades 9-12, in a blended learning format. The targeted students will be those students at risk for not graduating and/or desire a career in the oil/gas industry. The focus of the curriculum will be online core classes (English, math, science, social studies) as well as online oilfield curriculum. The goals of the Academy are to assist students in earning a high school diploma and oilfield certifications.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The Academy operates under the direction of a five-member Governing Authority, appointed by the Utica Shale Academy - Belmont. The Academy is a component unit of the Sponsor. The Sponsor can suspend the Academy's operations for any of the following reasons, failure to meet student performance requirements stated in its contract with the Sponsor; failure to meet generally accepted standards of fiscal management; failure to obtain adequate financing; failure to satisfy expenses, debts, encumbrances, when such liabilities become due; failure to timely pay officers, directors, administrators, employees, agents, or contractors for services rendered; insolvency; violation of any provisions of the contract with the Sponsor or applicable state or federal law; other good cause. The Sponsor may impose its will on the Academy and the relationship between the primary government and Academy is such that exclusion would cause the reporting entity's financial statements to be misleading. Separately issued financial statements can be obtained from the Academy. See Note 24 for Component Unit disclosure.

The following activity is included within the reporting entity:

Private Schools - Within the School District boundaries, Olney Friends School is operated as private schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. These State monies are reflected in a Special Revenue fund for financial reporting purposes.

The School District is involved with six organizations, four of which are defined as jointly governed organizations, one of which is defined as an insurance purchasing pool, and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Metropolitan Educational Council (MEC), the Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The activities of the School District are reported using two categories of funds: governmental 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 is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Schoolwide Pool Fund - The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal, state, and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net positions 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. The School District's fiduciary funds include private-purpose trust and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust which accounts for various college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

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

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

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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For the Fiscal Year Ended June 30, 2016

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow 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 School District unavailable revenue includes delinquent property taxes and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 11).

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

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 the governmental funds.

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.

E. Cash and Cash Equivalents

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

During fiscal year 2016, investments were limited to Federal Home Loan Mortgage Corporation Notes, and Federal Home Loan Bank Notes, negotiable certificates of deposit, and money market mutual funds; all of which were reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$85,520, \$106 of which was assigned from other School District funds.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements to be cash equivalents.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts withheld on construction contracts until the successful completion of the contract.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

All reported capital assets are depreciated except for land and construction in process. 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>Estimated Lives</u>
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the Statement of Net Position.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and net pension liability that are 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 governmental fund financial statements when due.

M. Unamortized Bond Insurance Premiums, Bond Discounts, Bond Premiums, and Bond Issuance Costs

On the government-wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

N. Internal Activity

Transfers within governmental activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

O. Fund Balance

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

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

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions). Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the 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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

P. Net Position

Net position represents the difference between assets and liabilities. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation.

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

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.

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The School Districts participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. Expenditures are recorded when paid in cash (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. Unrecorded cash and unrecorded interest represents amounts not included on the budgetary statement, but reported on the operating statement prepared using GAAP. The reconciled difference between the beginning and the end of the year is reflected in the following table.
6. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on the budgetary (Cash basis)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General and Schoolwide Pool Funds:

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$533,212	\$0
Revenue Accruals	193,248	(403,501)
Transfers In	0	334,171
Transfers Out	32,332	0
Expenditure Accruals	289,655	69,330
Unrecorded Cash	(1,056)	0
Investment Market Value Adjustment	(31,119)	0
Encumbrances	(551,431)	0
Budget Basis	<u>\$464,841</u>	<u>\$0</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$2,854,503. Of the bank balance \$255,694 was covered by Federal Deposit Insurance Corporation and the remaining balance of \$2,598,809 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Investments

Investments are reported at fair value. As of June 30, 2016, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Mortgage Corporation Note	\$500,195	Less than five years	Aaa	9.76%
Federal Home Loan Mortgage Corporation Note	500,500	Less than five years	Aaa	9.77%
Federal Home Loan Mortgage Corporation Note	250,173	Less than three years	Aaa	4.89%
Federal Home Loan Bank Notes	500,425	Less than five years	Aaa	9.77%
Negotiable CD	745,189	Less than one year	N/A	14.55%
Negotiable CD	498,007	Less than three years	N/A	9.73%
Negotiable CD	249,327	Less than three years	N/A	4.87%
Negotiable CD	249,149	Less than three years	N/A	4.87%
Negotiable CD	252,441	Less than three years	N/A	4.93%
Negotiable CD	250,416	Less than three years	N/A	4.89%
Negotiable CD	250,285	Less than three years	N/A	4.89%
Negotiable CD	250,347	Less than three years	N/A	4.89%
Negotiable CD	508,993	Less than five years	N/A	9.94%
Money Market Mutual Fund	115,332	N/A	Aaa	2.25%
Total Investments	<u><u>\$5,120,779</u></u>			<u><u>100.00%</u></u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2016. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The credit ratings for the School District's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 6 - PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The amount available as an advance at June 30, 2016 was \$173,183 in the General Fund, \$10,055 in the Debt Service Fund, and \$2,829 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2015 was \$423,430 in the General Fund, \$34,602 in the Debt Service Fund, and \$7,379 in the Classroom Facilities Maintenance Special Revenue Fund.

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

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

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$129,353,890	79.29%	\$181,759,540	83.92%
Public Utility Personal	33,785,370	20.71%	34,823,330	16.08%
	\$163,139,260	100.00%	\$216,582,870	100.00%
Tax Rate per \$1,000 of assessed valuation		\$41.33		\$40.75

The reduction in the tax rate is a result of the County Auditor reducing the millage related to the Bond Retirement Levy.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2016, consisted of property taxes, interfund, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$84,461 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Pre-School Grant	\$76,020
Agriculture Education Grant	2,411
Title I Grant	95,262
IDEA B Grant	89,517
Title II-A Improving Teacher Quality Grant	4,714
21st Century	8,260
Excess Costs from Other Districts	105,530
Total	\$381,714

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2016, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	
General Fund	\$0	\$301,934	\$301,934
Other Governmental Funds	62,583	40,854	103,437
Totals	<u>\$62,583</u>	<u>\$342,788</u>	<u>\$405,371</u>

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program.

The loans made to the Other Governmental Funds were used to cover actual cash deficits until grant monies are received to operate the programs. The cash deficits were covered by cash and cash equivalents from the General Fund.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2016 consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>
	<u>General</u>
Schoolwide Pool Fund	<u>\$2,082,564</u>

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Barnesville Exempted Village School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2016*

	Balance 6/30/15	Additions	Deletions	Balance 6/30/16
Nondepreciable Capital Assets:				
Land	\$293,412	\$0	\$0	\$293,412
Construction in Process	0	23,760	0	23,760
Total Nondepreciable Capital Assets	293,412	23,760	0	317,172
Depreciable Capital Assets:				
Land Improvements	1,527,225	13,672	(80,937)	1,459,960
Buildings and Improvements	25,768,270	147,193	0	25,915,463
Furniture and Equipment	1,456,268	193,061	(841,271)	808,058
Vehicles	883,784	194,433	(116,857)	961,360
Total Depreciable Capital Assets	29,635,547	548,359	(1,039,065)	29,144,841
Accumulated Depreciation:				
Land Improvements	(799,597)	(56,558)	39,922	(816,233)
Buildings and Improvements	(13,307,560)	(699,449)	116,172	(13,890,837)
Furniture and Equipment	(1,019,232)	(67,156)	676,993	(409,395)
Vehicles	(690,645)	(45,436)	76,138	(659,943)
Total Accumulated Depreciation	(15,817,034)	(868,599)	909,225	(15,776,408)
Total Depreciable Capital Assets, Net	13,818,513	(320,240)	(129,840)	13,368,433
Governmental Capital Assets, Net	\$14,111,925	(\$296,480)	(\$129,840)	\$13,685,605

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$455,598
Special	55,880
Vocational	18,407
Support Services:	
Pupils	30,908
Instructional Staff	21,358
Administration	56,299
Fiscal	18,407
Business	3,868
Operation and Maintenance of Plant	104,123
Pupil Transportation	44,789
Extracurricular Activities	16,013
Food Service Operations	42,949
Total Depreciation Expense	<u>\$868,599</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016 the School District contracted with Liberty Mutual Insurance for property and inland marine coverage, general liability, and fleet insurance coverage. A summary of coverages is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$50,450,283
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
Medical Payments Limit	5,000
<i>General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Rented Property Limit	300,000
Medical Payments Limit	15,000
<i>Employee Benefits Liability:</i>	
Each Occurrence (\$1,000 deductible)	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Limit	1,000,000
<i>Legal Liability - Errors and Omission:</i>	
Each Wrongful Act	1,000,000
Aggregate Limit	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Loss	1,000,000
Aggregate Limit	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

NOTE 11 - 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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefit:	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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$228,156 for fiscal year 2016. Of this amount \$27,477 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five 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 year of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$689,496 for fiscal year 2016. Of this amount, \$122,720 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05172700%	0.04693040%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.05303920%</u>	<u>0.04635636%</u>	
Change in Proportionate Share	<u>0.00131220%</u>	<u>-0.00057404%</u>	
Proportionate Share of the Net			
Pension Liability	\$3,026,469	\$12,811,543	\$15,838,012
Pension Expense	\$210,273	\$547,018	\$757,291

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$48,732	\$584,045	\$632,777
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	57,713	0	57,713
School District contributions subsequent to the measurement date	<u>228,156</u>	<u>689,496</u>	<u>917,652</u>
Total Deferred Outflows of Resources	<u>\$334,601</u>	<u>\$1,273,541</u>	<u>\$1,608,142</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$100,277	\$921,392	\$1,021,669
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>142,247</u>	<u>142,247</u>
Total Deferred Inflows of Resources	<u>\$100,277</u>	<u>\$1,063,639</u>	<u>\$1,163,916</u>

\$917,652 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	(\$17,977)	(\$243,489)	(\$261,466)
2018	(17,977)	(243,489)	(261,466)
2019	(18,208)	(243,489)	(261,697)
2020	<u>60,330</u>	<u>250,873</u>	<u>311,203</u>
Total	<u>\$6,168</u>	<u>(\$479,594)</u>	<u>(\$473,426)</u>

Actuarial Assumptions - SERS

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS’ *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$4,196,624	\$3,026,469	\$2,041,101

Changes Between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
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 commences 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 no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$17,796,198	\$12,811,543	\$8,596,272

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2016, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 12- POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$27,429.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$13,093, and \$11,470, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. 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 Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$48,726, respectively. The full amount has been contributed for 2016, 2015 and 2014.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who work less than 260 days, do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

B. Other Insurance Benefits

The School District provides life, accidental death and dismemberment and medical/surgical benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$563.86 single and \$1,409.61 family for medical/prescription and vision. The School District provides dental coverage from Coresource and life insurance and accidental death and dismemberment insurance through Assurant. The total monthly cost of premiums for dental coverage is \$36.76 single and \$84.75 family. Life insurance coverage is in the amount of \$30,000 per employee at a total monthly premium of \$3.00.

NOTE 14 - COMMITMENTS

A. Construction Commitments

During fiscal year 2016, the School District entered into an agreement with Bedway Development Corp. for parking lot construction at the middle school and elementary schools. As of June 30, 2016 the School District had the following contractual commitments:

<u>Contractor</u>	<u>Purchase Commitment</u>	<u>Amount Paid as of 6/30/16</u>	<u>Amount Remaining on Contract</u>
Bedway Development Corp.	\$115,301	\$23,760	\$91,541

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

General	\$551,431
Other Non-Major Governmental Funds	105,098
Total	<u><u>\$656,529</u></u>

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into capitalized leases for copying equipment. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$48,014. Principal payments in fiscal year 2016 totaled \$31,960, in the governmental funds.

Future minimum lease payments through fiscal year 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$34,270	\$1,730
2018	5,949	52
Total	<u><u>\$40,219</u></u>	<u><u>\$1,782</u></u>

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

	Principal Outstanding 6/30/15	Additions	Deductions	Principal Outstanding 6/30/16	Amounts Due Within One Year
General Obligation Bonds:					
2000 School Facilities Bonds \$3,267,000					
Serial Bonds @ 4.3%-6.7%	\$175,000	\$0	\$175,000	\$0	\$0
2007 School Improvement					
Refunding Bonds \$1,684,999					
Serial/Term Bonds -					
\$1,590,000 @ 3.85%-4.0%	1,340,000	0	35,000	1,305,000	230,000
Capital Appreciation Bonds -					
\$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	0
Premium - \$183,348	86,901	0	11,459	75,442	0
CAB Accretion - \$390,001 @ 14.955%	223,164	49,465	0	272,629	0
2009 School Energy Conservation					
Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	495,000	0	45,000	450,000	45,000
Total General Obligation Bonds	2,415,064	49,465	266,459	2,198,070	275,000
Net Pension Liability:					
SERS	2,617,874	408,595	0	3,026,469	0
STRS	11,415,097	1,396,446	0	12,811,543	0
Total Net Pension Liability	14,032,971	1,805,041	0	15,838,012	0
Intergovernmental Payable					
Capital Leases	0	25,000	5,000	20,000	5,000
Compensated Absences	72,179	0	31,960	40,219	34,270
	670,740	83,673	71,416	682,997	67,565
Total General Long-Term Obligations	\$17,190,954	\$1,963,179	\$374,835	\$18,779,298	\$381,835

2000 School Facilities General Obligation Bonds - On March 24, 2000, Barnesville Exempted Village School District issued \$3,267,000 in voted general obligation bonds. The bonds were issued for the purpose of retiring \$3,267,000 in bond anticipation notes. The notes were issued for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities under authority of and pursuant to the general laws of the State of Ohio, particularly Chapters 133 and 3318 of the Ohio Revised Code to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a period of twenty-three years with a final maturity at December 1, 2023. During fiscal year 2007, the School District refunded \$1,685,000 of the term bonds. The advance refunded portion of the bonds were removed from the financial statements of the School District. The bonds were retired from the debt service fund. The 2000 School Facilities General Obligation Bonds were fully paid during 2016.

In connection with the passage of the bond issue, the School District also passed a half-mill levy for the maintenance of the new building.

2007 School Improvement Refunding General Obligation Bonds - On February 7, 2007, Barnesville Exempted Village School District issued \$1,684,999 of general obligation bonds. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. All of the refunded bonds were subsequently called and fully repaid through the trust account. The School District issued refunding general obligation bonds on September 13, 2016 to partially refund the 2007 School Improvement Refunding Bonds. See Subsequent Event Note 22 for more information.

The 2007 bond issue consists of serial, term and capital appreciation bonds, \$120,000, \$1,470,000, and \$94,999, respectively.

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000. The 2016 accretion was recorded at \$49,465, leaving a total bond liability of \$367,628.

The term bonds for this issue are subject to optional and mandatory redemption prior to maturity.

The term bonds due December 1, 2016 were subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2011, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2016	<u><u>\$230,000</u></u>

Unless otherwise called for redemption, the remaining \$230,000 principal amount of the bonds due December 1, 2016 is to be paid at stated maturity.

The term bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2019, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2019	\$250,000
2020	260,000
2021	<u>275,000</u>
	<u><u>\$785,000</u></u>

Unless otherwise called for redemption, the remaining \$290,000 principal amount of the bonds due December 1, 2022 is to be paid at stated maturity.

The term bonds maturing on December 1, 2022 are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2016 at par, which is 100 percent of the face value of the term bonds.

Principal and interest requirements to retire general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2016 are as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Fiscal Year	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2017	\$230,000	\$51,855	\$0	\$0	\$230,000	\$51,855
2018	0	43,000	50,431	189,569	50,431	232,569
2019	0	43,000	44,568	200,432	44,568	243,432
2020	250,000	43,000	0	0	250,000	43,000
2021	260,000	33,000	0	0	260,000	33,000
2022-2023	565,000	34,200	0	0	565,000	34,200
Totals	\$1,305,000	\$248,055	\$94,999	\$390,001	\$1,399,999	\$638,056

2009 School Energy Conservation Improvement Qualified School Construction Bonds - On November 4, 2009, Barnesville Exempted Village School District issued \$714,719 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 1.85% interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	\$45,000	\$7,909	\$52,909
2018	45,000	7,076	52,076
2019	50,000	6,198	56,198
2020	50,000	5,272	55,272
2021	50,000	4,347	54,347
2022-2025	210,000	7,956	217,956
Total	\$450,000	\$38,758	\$488,758

On December 17, 2015 the Barnesville Exempted Village School District Board of Education signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of Ohio Revised Code. In consideration of the services contained in the addendum the ECOESC will purchase property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agrees to pay ECOESC, the sum of \$5,000 per year for a period of five years, for a total payment of \$25,000. The first installment was paid on January 7, 2016, and subsequent payments shall be made no later than January 1 each year thereafter.

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The School District's overall legal debt margin was \$18,607,471 with an unvoted debt margin of \$216,583 at June 30, 2016.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments. The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2016, the total amount paid to OME-RESA from the School District was \$46,561 for technology services, financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2016.

Metropolitan Educational Council (MEC) - The Metropolitan Educational Council is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2016 was \$652. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, Treasurer, at Fox Shannon Place, St. Clairsville, Ohio 43950.

NOTE 18 - PUBLIC ENTITY POOL

A. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District’s enrollment fee of \$675 for policy year 2016 was paid to CompManagement, Inc.

NOTE 19 - RELATED ORGANIZATION

Barnesville Hutton Memorial Library - The Barnesville Hutton Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Barnesville Hutton Memorial Library, Amy Jackson, Fiscal Officer, at 308 East Main Street, Barnesville, Ohio 43713.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2015	\$0
Current Year Set-aside Requirement	226,132
Offsetting Revenue	(85,133)
Qualifying Expenditures	<u>(274,218)</u>
Total	<u><u>(\$133,219)</u></u>
Balance Carried Forward to Fiscal Year 2017	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2016	<u><u>\$0</u></u>

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also had prior year capital expenditures from bond and note proceeds that may be used to offset future set-aside requirements, if needed.

NOTE 21 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

B. Foundation

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

C. Litigation

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

D. Lease

The Board of Education has entered into an Oil and Gas Leases effective April 9, 2013 and continuing through April 9, 2018 with Antero Resources Appalachian Corporation. In consideration of the execution of the leases, the School District received a signing bonus of \$362,602, as well as an additional donation of \$37,500 during fiscal year 2013. The School District has a total of 63.6145 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties of 20 percent of the gross proceeds of the products subject to the lease terms, as well as additional consideration for surface use. The total carrying value of the land leased is \$293,412. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

NOTE 22 - SUBSEQUENT EVENTS

2016 School Improvement Refunding General Obligation Bonds - On June 28, 2016, the Board of Education approved a resolution providing for the issuance of not to exceed \$1,075,000 school improvement bonds. On September 13, 2016, Barnesville Exempted Village School District issued \$425,000 of general obligation serial bonds. The bonds were issued to partially refund the 2007 School Improvement Refunding Bonds, as well as pay the cost of issuance of these bonds. The 2016 bond issue, along with \$695,750 of current School District resources (accumulated resources of the debt service fund), will be used to refund \$1,075,000 of the 2007 School Improvement Refunding Term Bonds, that were called and fully repaid on December 1, 2016.

NOTE 23 - RELATED PARTY TRANSACTIONS

During fiscal year 2016, the School District received \$178,851 for instructional support services, administrative support services, rent and property services, food services, and sponsorship fees from the Utica Shale Academy - Belmont. At June 30, 2016, the Academy did not owe any further costs to the School District.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

NOTE 24 - COMPONENT UNIT - UTICA SHALE ACADEMY - BELMONT

A. Reporting Entity

The Utica Shale Academy – Belmont (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy’s mission is to serve at-risk high school students in a blended learning format to ensure a high school diploma and prepare students for possible careers in the gas/oil industry. The Academy serves any eligible high school student residing in the State of Ohio.

The Academy began operations on March 3, 2015 by entering into a one year contract with the Barnesville Exempted Village School District (the Sponsor) beginning on July 1, 2015 and ending on June 30, 2016. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. The Academy contracted with the East Central Ohio Educational Service Center to be the fiscal agent of the Academy. On March 8, 2016, the Academy’s Governing Authority approved a voluntary closure of the Academy effective June 30, 2016. On March 24, 2016 the Sponsor’s Board of Education agreed with the Governing Authority to close the Academy at the end of the contract between the Academy and Barnesville Exempted Village School District’s Board of Education, effective June 30, 2016.

The Academy operates under the direction of a five-member Governing Authority appointed by the Utica Shale Academy - Belmont. The Academy is a component unit of the Sponsor. The Sponsor can suspend the Academy’s operations for any of the following reasons, failure to meet student performance requirements stated in its contract with the Sponsor; failure to meet generally accepted standards of fiscal management; failure to obtain adequate financing; failure to satisfy expenses, debts, encumbrances, when such liabilities become due; failure to timely pay officers, directors, administrators, employees, agents, or contractors for services rendered; insolvency; violation of any provisions of the contract with the Sponsor or applicable state or federal law; other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of the Academy and the pupils it serves. The Academy has an agreement with the Sponsor for providing staffing services. Thus, the Academy does not have any employees. The Academy rented the facilities of the Sponsor.

B. Summary of Significant Accounting Policies

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

i. Basis of Presentation

The Academy’s basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

The Academy uses a single enterprise presentation for its financial reports. Enterprise reporting focuses on the determination of operating income or loss, changes in net position, financial position, and cash flows.

ii. Measurement Focus

The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

expenses) in total net position. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

iii. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

iv. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

v. Cash and Cash Equivalents

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2016.

vi. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The statement of net position reported no restricted net position and had no monies restricted by enabling legislation. Due to the closure of the Academy, net position had a zero balance at fiscal year-end.

vii. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

viii. Estimates

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

ix. 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 Academy or the Sponsor and that are either unusual in nature or infrequent in occurrence. For fiscal year 2016, the Academy is reporting a special item representing costs directly related to the closing of the Academy. See Note 24H for further details.

C. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2016, the bank balances of the Academy's deposits were \$31,971. All of the bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the Academy.

D. Risk Management

The Academy was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2016, the Academy obtained general liability under the terms of the contract with the Sponsor.

The types and amounts of coverage provided are as follows:

General Liability:

Each Occurrence	\$1,000,000
Aggregated Limit	2,000,000
Medical Payments Limit	15,000
Rented Property Limit	300,000
Personal Advertising and Injury Limit	1,000,000
Products and Completed Operations Limit	2,000,000

Settled claims have not exceeded this commercial coverage.

E. Purchased Services

For fiscal year 2016, purchased service expenses were for the following services:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

<u>Type</u>	<u>Amount</u>
Instructional Support Services	\$160,398
Vitrual Learning Academy Fees	5,350
Fiscal and EMIS Services	19,232
Administrative Support Services	3,500
Rent and Property Services	2,720
Food Services	5,015
Sponsorship Fees	7,219
Total	<u>\$203,434</u>

For fiscal year 2016, the Academy contracted for services in order to fulfill its mission. The Academy contracted with the Jefferson County Educational Service Center for curriculum services and delivery system, system support services, and guidance on course sequence. The Academy contracted with Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), as a non-member participant, for computer support services. The Academy contracted with the Sponsor for instructional support services, administrative services, rent and property services, and food services. The Academy contracted with the East Central Ohio Educational Service Center for fiscal agent and EMIS coordinator services.

F. Related Party Transactions

During fiscal year 2016, the Academy paid the Sponsor 178,851 for instructional support services, administrative support services, rent and property services, food services, and sponsorship fees. At June 30, 2016, the Academy did not owe any further costs to the Sponsor.

G. Contingencies

i. Grants

The Academy received financial assistance from state agencies in the form of grants. The expenditure 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 Academy. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2016, if applicable, cannot be determined at this time.

ii. State Foundation Funding

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

iii. Final Full-Time Equivalency (FTE) Determination

On June 7, 2016, the Ohio Department of Education (ODE) completed a review of classroom time, log-in and log-out records, and non-classroom documentation, pursuant to Ohio Revised Code Section 3314.08(H). ODE determined that the Academy's FTE for the 2015-2016 school year was 14.96, which was 50.0 percent less than the 29.91 FTE reported. The final determination was based on the failure of the Academy to provide any durational documentation for on-line or non-classroom, non-computer learning opportunities. The Academy has appealed the determination to the State Board of Education. By agreement of both the State Board of Education and the Academy the date for the hearing in this matter is continued indefinitely. No adjustment to the FTE number (and funding) will be made until the Academy exhausts its appeal rights.

iv. Litigation

As documented within the Final Full-Time Equivalency (FTE) Determination note above, the Academy is currently appealing the ODE funding of the FTE for the 2015-2016 school year of 14.96. A hearing date has not been set yet.

H. Special Item: Closure of Utica Shale the Academy - Belmont

On March 24, 2016, the Sponsor's Board of Education approved the closure and discontinuation of the contract between the Sponsor and the Academy, at the conclusion of the contract, effective at fiscal year-end June 30, 2016. This closure was deemed necessary by the Academy as it was determined it was in the best interest of the students to operate the program as a part of the curriculum of the Barnesville Exempted Village School District as opposed to a community school.

The Academy is reporting a special item representing costs directly related to the closure. This amount includes the remaining cash balances which will be returned to the Ohio Department of Education (ODE) after the collection of all receivables and the payment of all liabilities according to ODE closing procedures. ODE will allocate the remaining balance to the school districts in which the students who were enrolled in the school at the time it ceased operation were entitled to attend school under section 3313.64 or 3313.65 of the Revised Code. The amount distributed to each school district shall be proportional to the district's share of the total enrollment in the community school. This amount is included in intergovernmental payable on the Statement of Net Position. A summary of principal items included as a special item on the Statement of Revenues, Expenses, and Changes in Net Position follows:

	<u>Amounts</u>
State Foundation to be returned to the Ohio Department of Education	<u>\$31,971</u>

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Barnesville Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1) **

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.05303920%	0.05172700%	0.05172700%
School District's Proportionate Share of the Net Pension Liability	\$3,026,469	\$2,617,874	\$3,076,039
School District's Covered-Employee Payroll	\$1,596,760	\$1,503,074	\$1,419,786
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	189.54%	174.17%	216.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Three Fiscal Years (1) **

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.04635636%	0.04693040%	0.04693040%
School District's Proportionate Share of the Net Pension Liability	\$12,811,543	\$11,415,097	\$13,597,589
School District's Covered-Employee Payroll	\$4,806,564	\$4,821,508	\$4,725,569
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	266.54%	236.75%	287.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$228,156	\$210,453	\$208,326	\$196,498	\$196,976	\$181,334	\$181,138	\$142,163	\$127,279
Contributions in Relation to the Contractually Required Contribution	<u>(228,156)</u>	<u>(210,453)</u>	<u>(208,326)</u>	<u>(196,498)</u>	<u>(196,976)</u>	<u>(181,334)</u>	<u>(181,138)</u>	<u>(142,163)</u>	<u>(127,279)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,629,686	\$1,596,760	\$1,503,074	\$1,419,786	\$1,464,504	\$1,442,592	\$1,337,798	\$1,444,741	\$1,296,124
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

(1) Information prior to 2008 is not available.

Barnesville Exempted Village School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contributor	\$689,496	\$672,919	\$626,796	\$614,324	\$617,814	\$610,695	\$595,141	\$563,417	\$561,610	\$552,073
Contributions in Relation to the Contractually Required Contributor	<u>(689,496)</u>	<u>(672,919)</u>	<u>(626,796)</u>	<u>(614,324)</u>	<u>(617,814)</u>	<u>(610,695)</u>	<u>(595,141)</u>	<u>(563,417)</u>	<u>(561,610)</u>	<u>(552,073)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payrol	\$4,924,971	\$4,806,564	\$4,821,508	\$4,725,569	\$4,752,415	\$4,697,654	\$4,578,008	\$4,333,977	\$4,320,077	\$4,246,715
Contributions as a Percentage of Covered-Employee Payrol	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	N/A	\$16,019
Cash Assistance:			
School Breakfast Program	10.553	2016	95,508
National School Lunch Program	10.555	2016	180,709
Cash Assistance Subtotal			<u>276,217</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			292,236
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2015	3,856
		2016	313,188
Total Title I Grants to Local Educational Agencies			<u>317,044</u>
Special Education Cluster (IDEA):			
Special Education, Grants to States (IDEA, Part B)	84.027	2015	28,182
		2016	238,865
Total Special Cluster (IDEA)			<u>267,047</u>
Improving Teacher Quality State Grants			
	84.367	2015	959
		2016	67,475
Total Improving Teacher Quality State Grants			<u>68,434</u>
Twenty First Century Community Learning Centers	84.287	2016	<u>150,000</u>
Total U.S. Department of Education			<u>802,525</u>
Total Expenditures of Federal Awards			<u>\$1,094,761</u>

The accompanying notes are an integral part of this schedule.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 13, 2017, wherein we noted the Governing Authority of the discretely presented component unit, Utica Shale Academy – Belmont, approved the voluntary closure of the Academy effective June 30, 2016. We also noted the Academy is in the process of appealing the Ohio Department of Education's FTE review of 14.96, which was 50.0 percent less than the 29.91 FTE reported.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2016-001 to be a significant deficiency.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

Compliance and Other Matters

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

School District's Response to Finding

The School District's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Barnesville Exempted Village School District
Belmont County
210 West Church Street
Barnesville, Ohio 43713

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Barnesville Exempted Village School District's, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

The School District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2017

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Part 200.516(a)?	No
(d)(1)(vii)	Major Program (list): • Child Nutrition Cluster - CFDA #10.553 and #10.555	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR Part 200.520?	Yes

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

FINDING NUMBER 2016-001

Noncompliance and Significant Deficiency

Ohio Rev. Code § 3318.05(D) states, in part, proceeds of the tax to be used for maintenance of the classroom facilities under either division (B) or (C)(1) of this section shall be deposited into a separate fund established by the school district for such purpose.

The School District improperly posted the half mill equalization payment in the amount of \$32,506 received in the June #2 foundation settlement into the General Fund rather than the Classroom Facilities Maintenance Fund.

The adjustment, with which management agrees, was posted to the School District's accounting records and is reflected in the accompanying financial statements.

The School District should deposit the half mill equalization payment into the Classroom Facilities Maintenance Fund rather than the General Fund.

Officials' Response: See Corrective Action Plan on page 75.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

None.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR PART 200.511(c)
JUNE 30, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The District will review the posting of receipts to ensure receipts are posted to correct fund.	June 30, 2017	Matthew King, Treasurer

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Dave Yost • Auditor of State

BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 23, 2017**