



Rea & associates *a brighter way*

**Newcomerstown Exempted Village  
School District  
Tuscarawas County, Ohio**

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2016





# Dave Yost • Auditor of State

Board of Education  
Newcomerstown Exempted Village School District  
702 South River Street  
Newcomerstown, Ohio 43832

We have reviewed the Independent Auditor's Report of the Newcomerstown Exempted Village School District, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 21, 2017

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**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
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**Tuscarawas County, Ohio**  
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December 21, 2016

To the Board of Education  
Newcomerstown Exempted Village School District  
Tuscarawas County, Ohio  
702 South River Street  
Newcomerstown, OH 43832

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions* on pages 5-15, 63-64, and 65-68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 District's internal control over financial reporting and compliance.

*Hea & Associates, Inc.*

New Philadelphia, Ohio

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**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position of governmental activities increased \$982,059 which represents a 45.51% increase from 2015.
- General revenues accounted for \$10,606,076 in revenue or 76.58% of all revenues. Program specific revenues in the form of chares for services and sales and grants and contributions accounted for \$3,244,221 or 23.42% of total revenues of \$13,850,297.
- The District had \$12,868,238 in expenses related to governmental activities; \$3,244,221 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,606,076 were adequate to provide for these programs.
- The District's only major governmental funds is the general fund. The general fund had \$11,636,249 in revenues and other financing sources and \$10,620,246 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$1,016,003 from \$193,492 to \$1,209,495.

**Using the Basic Financial Statements**

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

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The District's statement of net position and statement of activities can be found on pages 16-17 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-62 of this report.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 63 through 69 of this report.

**The District as a Whole**

The table provides a summary of the District's net position at June 30, 2016 and June 30, 2015.

	<b>Net Position</b>	
	Governmental Activities 2016	Governmental Activities 2015
<b><u>Assets</u></b>		
Current and other assets	\$ 6,701,493	\$ 5,371,543
Capital assets, net	<u>12,122,572</u>	<u>12,684,401</u>
Total assets	<u>18,824,065</u>	<u>18,055,944</u>
<b><u>Deferred Outflows of Resources</u></b>		
Unamortized deferred charges on debt refunding	28,570	33,023
Pension	<u>1,567,599</u>	<u>937,716</u>
Total deferred outflows of resources	<u>1,596,169</u>	<u>970,739</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,642,771	1,628,135
Long-term liabilities:		
Due within one year	285,951	374,717
Due in more than one year:		
Net pension liability	14,420,489	12,557,318
Other amounts	<u>1,720,251</u>	<u>1,650,664</u>
Total liabilities	<u>18,069,462</u>	<u>16,210,834</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	2,623,904	2,708,358
Pensions	<u>902,872</u>	<u>2,265,554</u>
Total deferred inflows of resources	<u>3,526,776</u>	<u>4,973,912</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	10,859,706	11,121,606
Restricted	822,522	578,734
Unrestricted (deficit)	<u>(12,858,232)</u>	<u>(13,858,403)</u>
Total net position (deficit)	<u>\$ (1,176,004)</u>	<u>\$ (2,158,063)</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

During a prior fiscal year, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 71 "Pension Transition for Contributions made subsequent to the measurement date—an Amendment of GASB Statement No.68," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

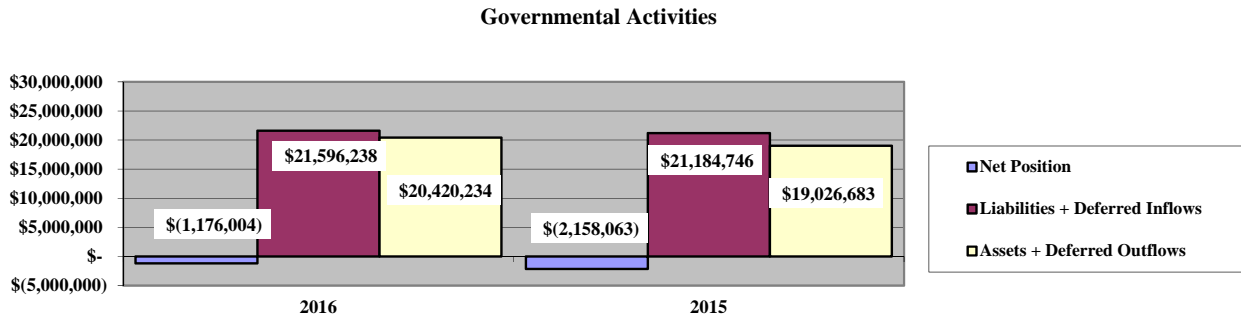
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$1,176,004. Of this total, \$822,522 is restricted in use.

At year-end, capital assets represented 64.40% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2016, was \$10,859,706. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$822,522, represents resources that are subject to external restriction on how they may be used. The remaining deficit of unrestricted net position is a deficit of \$12,858,232.

Current and other assets increased \$1,329,950 during 2016. This is due to increases in cash and cash equivalents of \$1,547,810 mostly due to an increase in intergovernmental revenues.

The graph below illustrates the governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2016 and June 30, 2015.



The table below shows the change in net position for fiscal years 2016 and 2015.

**Change in Net Position**

	Governmental Activities 2016	Governmental Activities 2015
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 868,506	\$ 960,373
Operating grants and contributions	2,375,715	2,423,497
General revenues:		
Property taxes	3,172,738	3,073,383
Grants and entitlements	7,224,745	6,363,713
Investment earnings	25	15
Other	208,568	133,467
Total revenues	<u>13,850,297</u>	<u>12,954,448</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Change in Net Position</b>	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,340,078	\$ 4,334,642
Special	2,147,228	2,196,262
Vocational	2,932	3,085
Other	577,663	588,468
Support services:		
Pupil	615,027	621,612
Instructional staff	224,395	214,750
Board of education	27,569	26,333
Administration	1,064,522	1,079,703
Fiscal	217,818	209,585
Operations and maintenance	1,665,483	1,494,353
Pupil transportation	610,651	608,998
Central	254,275	247,215
Operations of non-instructional:		
Food service operations	676,218	555,431
Other non-instructional services	15,933	11,980
Extracurricular activities	362,973	371,264
Interest and fiscal charges	<u>65,473</u>	<u>66,529</u>
Total expenses	<u>12,868,238</u>	<u>12,630,210</u>
Change in net position	982,059	324,238
Net position at beginning of year	<u>(2,158,063)</u>	<u>(2,482,301)</u>
Net position at end of year	<u>\$ (1,176,004)</u>	<u>\$ (2,158,063)</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$982,059. Total governmental expenses of \$12,868,238 were offset by program revenues of \$3,244,221 and general revenues of \$10,606,076. Program revenues supported 25.21% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements not restricted to specific programs. These revenue sources represent 75.07% of total governmental revenue. Unrestricted grants and entitlements increased \$861,032 in fiscal year due to an increase in capacity aid state foundation funding.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,067,901 or 54.93% of total governmental expenses for fiscal year 2016. The decrease of \$54,556 from 2015 can be attributed to fluctuations in personnel costs.

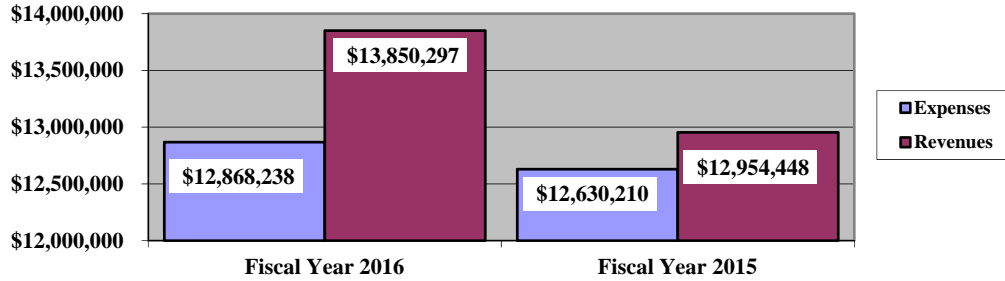


**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2016 and 2015:

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2016 and 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,340,078	\$ 3,708,830	\$ 4,334,642	\$ 3,746,417
Special	2,147,228	329,744	2,196,262	268,327
Vocational	2,932	(3,994)	3,085	(57,917)
Other	577,663	577,663	588,468	588,468
Support services:				
Pupil	615,027	615,027	621,612	621,612
Instructional staff	224,395	224,395	214,750	92,488
Board of education	27,569	27,569	26,333	26,333
Administration	1,064,522	1,064,522	1,079,703	1,079,703
Fiscal	217,818	217,818	209,585	209,585
Operations and maintenance	1,665,483	1,661,848	1,494,353	1,493,822
Pupil transportation	610,651	589,888	608,998	603,170
Central	254,275	254,275	247,215	247,215
Operation of non-instructional:				
Food service operations	676,218	33,274	555,431	(433)
Other non-instructional services	15,933	7,412	11,980	10,273
Extracurricular activities	362,973	250,273	371,264	250,748
Interest and fiscal charges	65,473	65,473	66,529	66,529
<b>Total expenses</b>	<u>\$ 12,868,238</u>	<u>\$ 9,624,017</u>	<u>\$ 12,630,210</u>	<u>\$ 9,246,340</u>

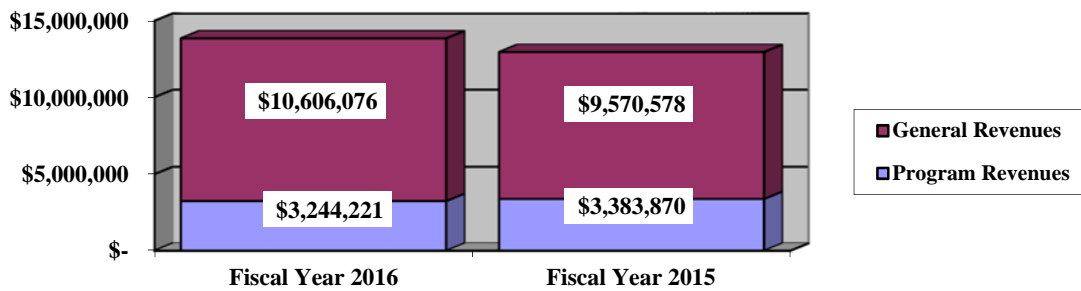
**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The dependence upon tax and other general revenues for governmental activities is apparent, as 65.26% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.79%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$1,828,151 which is more than last year's balance of \$376,781. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance <u>June 30, 2016</u>	Fund Balance <u>June 30, 2015</u>	<u>Increase</u>
General	\$ 1,209,495	\$ 193,492	\$ 1,016,003
Other Governmental	<u>618,656</u>	<u>183,289</u>	<u>435,367</u>
Total	<u>\$ 1,828,151</u>	<u>\$ 376,781</u>	<u>\$ 1,451,370</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***General Fund***

The District's general fund's fund balance increased by \$1,016,003.

The table that follows assists in illustrating the financial activities and fund balance of the general fund for fiscal years 2016 and 2015.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,971,611	\$ 2,857,069	\$ 114,542	4.01 %
Tuition	616,795	730,813	(114,018)	(15.60) %
Intergovernmental	7,911,870	7,120,776	791,094	11.11 %
Other revenues	<u>135,973</u>	<u>72,160</u>	<u>63,813</u>	88.43 %
Total	<u>\$ 11,636,249</u>	<u>\$ 10,780,818</u>	<u>\$ 855,431</u>	7.93 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,644,746	\$ 5,657,887	\$ (13,141)	(0.23) %
Support services	4,403,320	4,309,650	93,670	2.17 %
Operation of non-instructional services	5,235	582	4,653	799.48 %
Extracurricular activities	240,619	197,920	42,699	21.57 %
Facilities acquisition and construction	23,203	33,059	(9,856)	(29.81) %
Debt service	<u>23,123</u>	<u>23,123</u>	<u>-</u>	- %
Total	<u>\$ 10,340,246</u>	<u>\$ 10,222,221</u>	<u>\$ 118,025</u>	1.15 %

Overall revenues of the general fund increased \$855,431 or 7.93%. Tax revenue increased \$114,542 or 4.01% due to fluctuations in the amount of tax collected. Tuition revenue decreased 15.60% during the year due to a decrease in excess costs. Unrestricted grants and entitlements increased \$791,094 or 11.11% due to additional revenue allocated from the state foundation. Other revenues increased \$63,813.

Overall expenditures of the general fund increased \$118,025 or 1.15%. This increase is mainly attributable to increases in support service expenditures. This can be attributed to fluctuations in personnel costs.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2016, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,205,643 and final budgeted revenues and other financing sources were \$11,600,000. Most of the income in budgeted revenue was increased estimates for intergovernmental receipts. Actual revenues and other financing sources for fiscal year 2016 were \$11,758,195. This represents a \$158,195 increase over final budgeted revenues.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

General fund original appropriations and other financing uses were \$10,956,806 and final appropriations and other financing uses were \$11,055,983. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$10,777,505, which was \$278,478 less than the final budget appropriations, due to cost savings in regular instruction.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2016, the District had \$12,122,572 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2016 balances compared to June 30, 2015.

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 121,788	\$ 121,788
Land improvements	377,657	474,497
Building and improvements	11,140,271	11,567,663
Furniture and equipment	311,751	328,225
Vehicles	<u>171,105</u>	<u>192,228</u>
<b>Total</b>	<b><u>\$ 12,122,572</u></b>	<b><u>\$ 12,684,401</u></b>

The overall decrease in capital assets of \$561,829 is due to depreciation expense of \$622,095 exceeding capital asset additions of \$60,266 in the fiscal year.

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

*Debt Administration*

At June 30, 2016, the District had \$1,239,267 in general obligation bonds, \$29,765 in capital leases and \$250,000 in promissory notes outstanding. Of this total, \$217,137 is due within one year and \$1,301,895 is due in greater than one year.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following table summarizes the debt outstanding at June 30, 2016 and June 30, 2015.

**Outstanding Bond and Lease Debt, at Year End**

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
General obligation bonds	\$ 1,239,267	\$ 1,415,821
Capital leases	29,765	50,825
Promissory note	250,000	-
Lease-purchase agreements	<u>-</u>	<u>76,373</u>
Total	<u>\$ 1,519,032</u>	<u>\$ 1,543,019</u>

At June 30, 2016, the District's overall legal debt margin was \$8,626,322, and an unvoted debt margin of \$107,178.

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

**Current Financial Related Activities**

The District has committed itself to educational and financial excellence. With leadership from the Board of Education and prudent fiscal planning, resources are allocated to meet the educational goals and challenges of our students. The District has been very frugal and has carefully managed its general fund budget in order to get the maximum value for the tax dollars available for educating the students of the Newcomerstown Exempted Village School District.

The District passed an 8 mill, five year emergency levy in the February 2006 special election (by a vote of 58% to 42%). This was the fourth try for additional operating revenue and this is the first new, additional operating funds the District had received in the last 13 years. The Levy was renewed at the May 2009 and November 2015 elections and generates \$750,000 annually.

The District also renewed a current 9.2 mill operating levy in May 2011. This operating levy generates \$527,100 annually and was renewed on the November 2016 ballot.

The District recently settled a three year contract on wages and benefits with both the certified and classified associations. The contract expires on June 30, 2018. Therefore, the District will begin negotiations with both associations in the spring of 2018.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and credits with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Christie Green, Treasurer, Newcomerstown Exempted Village School District, 702 S. River Street, Newcomerstown, Ohio 43832.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 3,195,127
Receivables:	
Property taxes . . . . .	3,375,374
Intergovernmental . . . . .	101,059
Prepayments . . . . .	7,874
Materials and supplies inventory. . . . .	5,301
Inventory held for resale. . . . .	16,758
Capital assets:	
Nondepreciable capital assets . . . . .	121,788
Depreciable capital assets, net. . . . .	12,000,784
Capital assets, net . . . . .	12,122,572
Total assets. . . . .	18,824,065
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	28,570
Pension - STRS . . . . .	1,236,279
Pension - SERS . . . . .	331,320
Total deferred outflows of resources . . . . .	1,596,169
 Total assets and deferred outflows of resources .	 20,420,234
 <b>Liabilities:</b>	
Accounts payable. . . . .	136,706
Accrued wages and benefits payable . . . . .	989,550
Intergovernmental payable . . . . .	56,552
Pension and postemployment benefits payable. .	156,051
Accrued interest payable . . . . .	7,742
Claims payable. . . . .	296,170
Long-term liabilities:	
Due within one year. . . . .	285,951
Due in more than one year:	
Net pension liability (See Note 14) . . . . .	14,420,489
Other amounts due in more than one year .	1,720,251
Total liabilities . . . . .	18,069,462
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . .	2,623,904
Pension - STRS. . . . .	814,010
Pension - SERS. . . . .	88,862
Total deferred inflows of resources . . . . .	3,526,776
 Total liabilities and deferred inflows of resources .	 21,596,238
 <b>Net position:</b>	
Net investment in capital assets . . . . .	10,859,706
Restricted for:	
Capital projects . . . . .	207,898
Permanent fund - expendable . . . . .	71,722
Classroom facilities maintenance . . . . .	274,286
Debt service. . . . .	124,661
State funded programs. . . . .	937
Federally funded programs . . . . .	106,323
Student activities . . . . .	36,695
Unrestricted (deficit) . . . . .	(12,858,232)
Total net position (deficit). . . . .	\$ (1,176,004)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

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	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,340,078	\$ 604,390	\$ 26,858	\$ (3,708,830)
Special . . . . .	2,147,228	25,853	1,791,631	(329,744)
Vocational . . . . .	2,932	-	6,926	3,994
Other . . . . .	577,663	-	-	(577,663)
Support services:				
Pupil . . . . .	615,027	-	-	(615,027)
Instructional staff . . . . .	224,395	-	-	(224,395)
Board of education . . . . .	27,569	-	-	(27,569)
Administration . . . . .	1,064,522	-	-	(1,064,522)
Fiscal . . . . .	217,818	-	-	(217,818)
Operations and maintenance . . . . .	1,665,483	750	2,885	(1,661,848)
Pupil transportation . . . . .	610,651	-	20,763	(589,888)
Central . . . . .	254,275	-	-	(254,275)
Operation of non-instructional services:				
Food service operations . . . . .	676,218	124,813	518,131	(33,274)
Other non-instructional services . . . . .	15,933	-	8,521	(7,412)
Extracurricular activities . . . . .	362,973	112,700	-	(250,273)
Interest and fiscal charges . . . . .	65,473	-	-	(65,473)
<b>Total governmental activities . . . . .</b>	<b>12,868,238</b>	<b>868,506</b>	<b>2,375,715</b>	<b>(9,624,017)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				2,953,284
Debt service . . . . .				182,313
Special revenue . . . . .				37,141
Grants and entitlements not restricted to specific programs . . . . .				7,224,745
Investment earnings . . . . .				25
Miscellaneous . . . . .				208,568
<b>Total general revenues . . . . .</b>				<b>10,606,076</b>
Change in net position . . . . .				982,059
<b>Net position (deficit) at beginning of year . . . . .</b>				<b>(2,158,063)</b>
<b>Net position (deficit) at end of year . . . . .</b>				<b>\$ (1,176,004)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,757,136	\$ 849,790	\$ 2,606,926
Receivables:			
Property taxes. . . . .	3,145,866	229,508	3,375,374
Intergovernmental. . . . .	155	100,904	101,059
Prepayments. . . . .	6,830	1,044	7,874
Materials and supplies inventory. . . . .	-	5,301	5,301
Inventory held for resale. . . . .	-	16,758	16,758
Due from other funds . . . . .	116,667	-	116,667
Total assets . . . . .	<u>\$ 5,026,654</u>	<u>\$ 1,203,305</u>	<u>\$ 6,229,959</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 46,009	\$ 90,697	\$ 136,706
Accrued wages and benefits payable . . . . .	834,500	155,050	989,550
Compensated absences payable . . . . .	13,735	-	13,735
Intergovernmental payable . . . . .	54,961	1,591	56,552
Pension and postemployment benefits payable. . . . .	137,393	18,658	156,051
Due to other funds . . . . .	-	116,667	116,667
Total liabilities. . . . .	<u>1,086,598</u>	<u>382,663</u>	<u>1,469,261</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	2,445,624	178,280	2,623,904
Delinquent property tax revenue not available. . . . .	284,782	20,704	305,486
Intergovernmental revenue not available. . . . .	155	3,002	3,157
Total deferred inflows of resources . . . . .	<u>2,730,561</u>	<u>201,986</u>	<u>2,932,547</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	-	5,301	5,301
Prepays. . . . .	6,830	1,044	7,874
Restricted:			
Debt service . . . . .	-	165,302	165,302
Capital improvements . . . . .	-	212,065	212,065
Classroom facilities maintenance . . . . .	-	270,785	270,785
Other purposes. . . . .	-	4,421	4,421
Extracurricular activities. . . . .	-	36,683	36,683
Permanent fund. . . . .	-	71,722	71,722
Assigned:			
Student instruction . . . . .	8,037	-	8,037
Student and staff support. . . . .	96,028	-	96,028
School supplies. . . . .	40,425	-	40,425
Unassigned (deficit) . . . . .	1,058,175	(148,667)	909,508
Total fund balances . . . . .	<u>1,209,495</u>	<u>618,656</u>	<u>1,828,151</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 5,026,654</u>	<u>\$ 1,203,305</u>	<u>\$ 6,229,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

<b>Total governmental fund balances</b>		\$	1,828,151
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			12,122,572
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	305,486	
Intergovernmental receivable		3,157	
Total		308,643	308,643
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			292,031
Unamortized premiums on bonds issued are not recognized in the funds.			(76,673)
Unamortized amounts on refundings are not recognized in the funds.			28,570
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(7,742)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		1,567,599	
Deferred inflows of resources - pension		(902,872)	
Net pension liability		(14,420,489)	
Total		(13,755,762)	(13,755,762)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		396,762	
Capital lease obligations		29,765	
Notes payable		250,000	
General obligation current interest bonds		1,175,000	
General obligation capital appreciation bonds		9,998	
Accreted interest on capital appreciation bonds		54,269	
Total		(1,915,794)	(1,915,794)
<b>Net position of governmental activities</b>		\$	(1,176,004)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 2,971,611	\$ 219,711	\$ 3,191,322
Tuition. . . . .	616,795	-	616,795
Earnings on investments . . . . .	-	25	25
Charges for services . . . . .	-	125,473	125,473
Extracurricular. . . . .	30,412	82,288	112,700
Classroom materials and fees . . . . .	13,448	-	13,448
Rental income . . . . .	90	-	90
Contributions and donations . . . . .	69,720	116,545	186,265
Other local revenues . . . . .	22,303	-	22,303
Intergovernmental - state . . . . .	7,891,054	81,681	7,972,735
Intergovernmental - federal . . . . .	20,816	1,609,553	1,630,369
Total revenues . . . . .	<u>11,636,249</u>	<u>2,235,276</u>	<u>13,871,525</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	4,028,410	27,551	4,055,961
Special . . . . .	1,038,673	1,084,271	2,122,944
Other . . . . .	577,663	-	577,663
Support services:			
Pupil . . . . .	614,741	-	614,741
Instructional staff . . . . .	193,575	-	193,575
Board of education . . . . .	27,569	-	27,569
Administration . . . . .	1,057,765	4,688	1,062,453
Fiscal . . . . .	217,668	-	217,668
Operations and maintenance . . . . .	1,443,692	68,877	1,512,569
Pupil transportation . . . . .	592,734	-	592,734
Central . . . . .	255,576	-	255,576
Operation of non-instructional services:			
Food service operations. . . . .	-	645,955	645,955
Other non-instructional services. . . . .	5,235	8,977	14,212
Extracurricular activities . . . . .	240,619	78,743	319,362
Facilities acquisition and construction. . . . .	23,203	90,775	113,978
Debt service:			
Principal retirement. . . . .	21,060	271,373	292,433
Interest and fiscal charges . . . . .	2,063	48,699	50,762
Total expenditures . . . . .	<u>10,340,246</u>	<u>2,329,909</u>	<u>12,670,155</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>1,296,003</u>	<u>(94,633)</u>	<u>1,201,370</u>
<b>Other financing sources (uses):</b>			
Sale of notes . . . . .	-	250,000	250,000
Transfers in. . . . .	-	280,000	280,000
Transfers (out) . . . . .	(280,000)	-	(280,000)
Total other financing sources (uses) . . . . .	<u>(280,000)</u>	<u>530,000</u>	<u>250,000</u>
Net change in fund balances . . . . .	1,016,003	435,367	1,451,370
<b>Fund balances at beginning of year. . . . .</b>	<u>193,492</u>	<u>183,289</u>	<u>376,781</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,209,495</u>	<u>\$ 618,656</u>	<u>\$ 1,828,151</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>1,451,370</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 60,266	
Current year depreciation	<u>(622,095)</u>	
Total		(561,829)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(18,584)	
Intergovernmental	<u>(2,905)</u>	
Total		(21,489)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	195,000	
Capital leases	<u>97,433</u>	
Total		292,433
Issuance of notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(250,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	(3,761)	
Accreted interest on capital appreciation bonds	(18,446)	
Amortization of bond premiums	11,949	
Amortization of deferred charges	<u>(4,453)</u>	
Total		(14,711)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		858,848
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(729,454)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(34,908)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(8,201)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>982,059</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,828,684	\$ 2,928,233	\$ 2,928,233	\$ -
Tuition . . . . .	692,403	716,771	616,795	(99,976)
Rental income . . . . .	483	500	90	(410)
Contributions and donations . . . . .	68,023	70,417	69,720	(697)
Other local revenues . . . . .	14,973	15,500	22,303	6,803
Intergovernmental - state . . . . .	7,601,077	7,868,579	7,948,007	79,428
Intergovernmental - federal . . . . .	-	-	20,816	20,816
Total revenues . . . . .	<u>11,205,643</u>	<u>11,600,000</u>	<u>11,605,964</u>	<u>5,964</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,535,322	4,341,033	4,064,984	276,049
Special . . . . .	1,010,594	1,032,235	1,040,595	(8,360)
Other . . . . .	580,979	642,000	577,663	64,337
Support services:				
Pupil . . . . .	652,246	586,536	611,637	(25,101)
Instructional staff . . . . .	220,687	208,819	198,812	10,007
Board of education . . . . .	27,374	27,418	27,580	(162)
Administration . . . . .	1,093,152	1,062,233	1,064,718	(2,485)
Fiscal . . . . .	213,889	208,220	220,533	(12,313)
Operations and maintenance . . . . .	1,414,156	1,499,401	1,501,106	(1,705)
Pupil transportation . . . . .	672,391	632,135	685,635	(53,500)
Central . . . . .	273,469	265,872	269,889	(4,017)
Other operation of non-instructional services . . . . .	4,093	4,100	5,811	(1,711)
Extracurricular activities . . . . .	208,533	215,981	198,400	17,581
Facilities acquisition and construction . . . . .	49,921	50,000	30,142	19,858
Total expenditures . . . . .	<u>10,956,806</u>	<u>10,775,983</u>	<u>10,497,505</u>	<u>278,478</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>248,837</u>	<u>824,017</u>	<u>1,108,459</u>	<u>284,442</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	416	416
Transfers (out) . . . . .	-	(280,000)	(280,000)	-
Advances in . . . . .	-	-	151,815	151,815
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(280,000)</u>	<u>(127,769)</u>	<u>152,231</u>
Net change in fund balance . . . . .	248,837	544,017	980,690	436,673
<b>Fund balance at beginning of year . . . . .</b>	629,147	629,147	629,147	-
<b>Prior year encumbrances appropriated . . . . .</b>	81,057	81,057	81,057	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 959,041</u>	<u>\$ 1,254,221</u>	<u>\$ 1,690,894</u>	<u>\$ 436,673</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 588,201
Total assets. . . . .	588,201
<b>Liabilities:</b>	
Claims payable . . . . .	296,170
Total liabilities . . . . .	296,170
<b>Net position:</b>	
Unrestricted. . . . .	292,031
Total net position. . . . .	\$ 292,031

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 1,745,225
Total operating revenues . . . . .	<u>1,745,225</u>
<b>Operating expenses:</b>	
Claims . . . . .	<u>1,753,426</u>
Total operating expenses. . . . .	<u>1,753,426</u>
Operating loss and change in net position . . .	(8,201)
<b>Net position at beginning of year. . . . .</b>	<u>300,232</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 292,031</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 1,745,225
Cash payments for claims . . . . .	<u>(1,777,388)</u>
Net cash used in operating activities . . . . .	<u>(32,163)</u>
Net decrease in cash and cash cash equivalents . . . . .	(32,163)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>620,364</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 588,201</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (8,201)
Changes in assets and liabilities: Decrease in claims payable . . . . .	<u>(23,962)</u>
Net cash used in operating activities. . . . .	<u><u>\$ (32,163)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<b>Agency</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 51,248
Total assets. . . . .	\$ 51,248
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 523
Due to students. . . . .	50,725
Total liabilities . . . . .	\$ 51,248

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 28
Change in net position . . . . .	(28)
<b>Net position at beginning of year. . . . .</b>	<b>28</b>
<b>Net position at end of year . . . . .</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The Newcomerstown Exempted Village School District (the "District") is organized under Article VI, Sections 2 and 3 of the constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 59 non-certified employees, 125 certified full-time teaching personnel and 13 administrative employees who provide services to 1,020 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building and 1 garage.

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

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

**A. Reporting Entity**

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Buckeye Career Center

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center's Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center's Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The District's students may attend the Career Center. Each participating District's control is limited to its representation on the Career Center's Board of Education. During fiscal year 2016, no monies were paid to the Career Center by the District.

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

OME-RESA is one of 21 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 47 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2016, the District paid \$38,603 to OME-RESA for various services.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts and acts in the capacity of fiscal agent for OME-RESA.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by Boards of Education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations. During fiscal year 2016, no monies were paid to the TCTIRC by the District.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

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

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

*PROPRIETARY FUND*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal service fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, vision and dental benefits to employees.

*FIDUCIARY FUNDS*

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

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

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Basis of Accounting**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 14 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

For the District, See Note 14 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund level of expenditures for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**TAX BUDGET**

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by May 1. Information required includes the general fund five year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

*ESTIMATED RESOURCES*

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificates of estimated resources issued during fiscal year 2016.

*APPROPRIATIONS*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriations resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board of Education during fiscal year 2016.

The budget figures, which appear in the statements of budgetary comparisons, represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*LAPSING OF APPROPRIATIONS*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**F. Cash and Cash Equivalents**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The District held no investments during fiscal year 2016.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. During fiscal year 2016 there was no interest revenue credited to the general fund.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

General capital assets 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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 capitalized. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 15 years
Vehicles	10 years

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2016, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2016 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**M. Net Position**

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

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

**N. Estimates**

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

**O. Interfund Activity**

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

**P. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss**

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

**Q. Pensions**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2016.

**S. Fair Market Value**

The 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 135,855
Public school preschool	749
IDEA Part-B	7,637
Title I - disadvantaged children	4,426

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

**C. Compliance**

Ohio Revised Code 5705.10(I) requires that monies paid into any fund be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. For 2016, it was noted the District had a negative cash balance in the food service fund in the amount of \$116,667.

Ohio Revised Code 5705.39 states, in part, that total appropriations from each fund shall not exceed the total of estimated revenue available for expenditure there from, as certified by the budget commission. For 2016, it was noted the District had appropriations in excess of total estimated revenues available in the food service fund in the amount of \$152,391.

The District will continue to monitor the food service fund to reduce the deficit fund balance.

**NOTE 4 - DEPOSITS**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

**A. Deposits with Financial Institutions**

At June 30, 2016, the carrying amount of all District deposits was \$3,246,375. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$250,000 of the District's bank balance of \$3,343,053 was covered by the FDIC, while \$3,093,053 was exposed to custodial risk as discussed below.

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

The District does not have a deposit policy specifically addressing its depository accounts with financial institutions.

**B. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2016:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 3,246,375</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 3,195,127
Agency fund	<u>51,248</u>
Total	<u>\$ 3,246,375</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances for the year ended June 30, 2016, consisted of the following due to/from other funds, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 116,667</u>

The primary purpose of the interfund balances is to cover negative cash balances in the governmental funds. These negative cash balances are not allowable as they do not meet the criteria of Ohio Revised Code Section 3315.20(A). These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

- B. Interfund transfers consisted of the following at June 30, 2016, as reported on the fund statements:

<u>Tranfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 280,000</u>

The primary purpose of this transfer is to help operations of the food service fund. Transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The District receives property taxes from Tuscarawas, Guernsey and Coshocton Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$415,460 in the general fund, \$5,141 in the classroom maintenance fund (a nonmajor governmental fund) and \$25,383 in the debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$372,082 in the general fund, \$4,871 in the classroom maintenance fund (a nonmajor governmental fund) and \$24,925 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 89,546,210	88.83	\$ 94,573,300	88.24
Public utility personal	<u>11,264,710</u>	<u>11.17</u>	<u>12,604,680</u>	<u>11.76</u>
Total	<u>\$ 100,810,920</u>	<u>100.00</u>	<u>\$ 107,177,980</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation:	 \$51.90		 \$51.40	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2016 consisted of property taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 3,375,374
Intergovernmental	<u>101,059</u>
Total	<u>\$ 3,476,433</u>

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 8 - CAPITAL ASSETS**

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

	Balance			Balance
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 121,788	\$ -	\$ -	\$ 121,788
Total capital assets, not being depreciated	<u>121,788</u>	<u>-</u>	<u>-</u>	<u>121,788</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,809,767	-	-	1,809,767
Buildings and improvements	20,020,131	-	-	20,020,131
Furniture and equipment	2,823,118	60,266	-	2,883,384
Vehicles	927,780	-	-	927,780
Total capital assets, being depreciated	<u>25,580,796</u>	<u>60,266</u>	<u>-</u>	<u>25,641,062</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,335,270)	(96,840)	-	(1,432,110)
Buildings and improvements	(8,452,468)	(427,392)	-	(8,879,860)
Furniture and equipment	(2,494,893)	(76,740)	-	(2,571,633)
Vehicles	(735,552)	(21,123)	-	(756,675)
Total accumulated depreciation	<u>(13,018,183)</u>	<u>(622,095)</u>	<u>-</u>	<u>(13,640,278)</u>
Governmental activities capital assets, net	<u>\$ 12,684,401</u>	<u>\$ (561,829)</u>	<u>\$ -</u>	<u>\$ 12,122,572</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 317,805
Special	38,693
Vocational	2,932

Support services:

Pupil	4,718
Instructional staff	33,046
Administration	11,299
Fiscal	2,424
Operations and maintenance	52,687
Pupil transportation	21,122
Other non-instructional services	9,720
Food service operations	30,965
Extracurricular	<u>96,684</u>
Total depreciation expense	<u>\$ 622,095</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

In a prior fiscal year, the District entered into capital lease agreements for copier equipment. The lease agreements meet the criteria of capital leases, as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$102,107. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2016 was \$71,474, leaving a current book value of \$30,633. A corresponding liability was recorded on the statement of net position. Principal and interest payments in the 2016 fiscal year totaled \$21,060 and \$2,063, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2016:

Fiscal Year <u>Ending June 30,</u>	<u>Amount</u>
2017	\$ 23,123
2018	<u>7,708</u>
Total minimum lease payments	30,831
Less: Amount representing interest	<u>(1,066)</u>
Total	<u>\$ 29,765</u>

**NOTE 10 - LEASE-PURCHASE AGREEMENT**

On June 15, 2001, the District entered into a lease-purchase agreement with Banc One Leasing Corporation for the financing of the reconstruction and improvement of Lee Stadium, which includes bleachers, new all-weather track facilities and a concession/restroom building. The source of revenue to fund the principal and interest payments is derived from the Vernon and Edith Lee trust fund. The trust agreement stipulates that the monies donated to the District are to be used under the direction of the Board of Education for the maintenance, repair, construction and reconstruction to the District's athletic facilities. During fiscal year 2016, the District made principal payments totaling \$76,373 and interest payments totaling \$3,361 on the lease-purchase agreement. The lease payments are recorded as expenditures in the permanent fund (a nonmajor governmental fund).

A liability in the amount of the present value of minimum lease payments has been recorded in the statement of net position. Capital assets consisting of land and building improvements have been capitalized in the amount of \$1,012,028. This amount represents the costs of the reconstruction and improvements of Lee Stadium funded by the lease-purchase agreement.

During fiscal year 2016, the District made the final payment on the lease-purchase agreement.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)**

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the reconstruction and improvements of Lee Stadium are being made to Banc One Leasing Corporation. The District is the lessor and Banc One Leasing Corporation is the lessee under the ground-lease agreement. The sublease commenced on June 15, 2001 and terminates on June 15, 2021, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2016, the following activity occurred in governmental activities long-term obligations.

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/16</u>	<u>Due Within</u>
					<u>One Year</u>
<u>General obligation bonds</u>					
Current interest refunding bonds-series 2010	\$ 1,370,000	\$ -	\$ (195,000)	\$ 1,175,000	\$ 195,000
Capital appreciation refunding bonds-series 2010	9,998	-	-	9,998	-
Accreted interest-series 2010	<u>35,823</u>	<u>18,446</u>	<u>-</u>	<u>54,269</u>	<u>-</u>
Total general obligation bonds	<u>1,415,821</u>	<u>18,446</u>	<u>(195,000)</u>	<u>1,239,267</u>	<u>195,000</u>
Promissory note	-	250,000	-	250,000	-
Capital leases	50,825	-	(21,060)	29,765	22,137
Net pension liability	12,557,318	1,863,171	-	14,420,489	-
Lease-purchase agreement payable	76,373	-	(76,373)	-	-
Compensated absences	<u>393,740</u>	<u>109,194</u>	<u>(92,437)</u>	<u>410,497</u>	<u>68,814</u>
Total long-term obligations	<u>\$ 14,494,077</u>	<u>\$ 2,240,811</u>	<u>\$ (384,870)</u>	<u>16,350,018</u>	<u>\$ 285,951</u>
				Add: Unamortized premium on bonds - 2010	<u>76,673</u>
				Total reported on statement of net position	<u>\$ 16,426,691</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid which, for the District, primarily includes the general fund, the food service fund and Title I fund (nonmajor governmental funds).

**B. Series 2010 Refunding General Obligation Bonds**

On December 1, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to currently refund the callable portion of the Series 2001 school improvement general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded general obligation bonds at June 30, 2016, is \$1,184,998.

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

The refunding issue is comprised of both current interest bonds, par value \$2,100,000, and capital appreciation bonds par value \$9,998. The interest rates on the current interest bonds range from 2.00% - 4.25%. The capital appreciation bonds mature on December 1, 2019 (stated interest rate 36.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$210,000. Total accreted interest of \$54,269 has been included in the statement of net position at June 30, 2016.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. Debt payments will be made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$53,434. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 13 years by \$338,893 and resulted in an economic gain of \$212,481.

- C. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2010			Capital Appreciation Bonds - Refunding 2010		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 195,000	\$ 39,975	\$ 234,975	\$ -	\$ -	\$ -
2018	200,000	33,800	233,800	-	-	-
2019	205,000	26,962	231,962	-	-	-
2020	-	23,375	23,375	9,998	200,002	210,000
2021	210,000	19,175	229,175	-	-	-
2022 - 2023	365,000	13,863	378,863	-	-	-
Total	<u>\$ 1,175,000</u>	<u>\$ 157,150</u>	<u>\$ 1,332,150</u>	<u>\$ 9,998</u>	<u>\$ 200,002</u>	<u>\$ 210,000</u>

**D. Promissory Note**

On January 28, 2016, the District signed a promissory note with First National Bank of Dennison for \$250,000. The note proceeds will be used for track improvements.

Payments of principal and interest relating to the promissory note are recorded as expenditures in the Lee Stadium Track Loan nonmajor capital improvement fund. The unmatured obligation at year end are accounted for in the statement of net position. At June 30, 2016, none of the proceeds had been spent; therefore, no assets were capitalized in fiscal year 2016.

The District will pay the note in one principal payment of \$250,000 plus interest on July 28, 2018. In addition, the District will pay regular annual payments of interest of 4% beginning January 28, 2017. Subsequent interest payments are due on the same day of each year after that.

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

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2016, are a voted debt margin of \$8,626,322 (including available funds of \$165,302) and an unvoted debt margin of \$107,178.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for classified employees and 255 days for certified employees. However, severance payment shall be paid for a maximum of 240 days for certified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 55 days for all classified employees and 60 days for certified employees.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to employees through Medical Life Insurance Company in the amount of \$30,000.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District contracted with Ohio School Plan for property insurance, for fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and contents - replacement cost (\$1,000 deductible)	\$64,570,488
Automobile liability (Buses, \$1,000 deductible; Other, \$250/\$500 deductible)	5,000,000
Professional liability:	
Per occurrence	5,000,000
Per aggregate	7,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no reduction in coverage.



**NEWCAMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

For fiscal year 2016, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the Plan.

**C. Employee Group Life, Medical, Dental, and Vision Insurance**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$296,170 reported in the internal service fund at June 30, 2016, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2016	\$ 320,132	\$ 1,753,426	\$ (1,777,388)	\$ 296,170
2015	216,332	1,945,265	(1,841,465)	320,132

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The District's contractually required contribution to SERS was \$231,205 for fiscal year 2016. Of this amount, \$14,134 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$627,643 for fiscal year 2016. Of this amount, \$109,884 is reported as pension and postemployment benefits payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,939,741	\$ 11,480,748	\$ 14,420,489
Proportion of the net pension liability	0.051519300%	0.041541110%	
Pension expense	\$ 205,506	\$ 523,948	\$ 729,454

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 46,943	\$ 522,770	\$ 569,713
Changes in proportionate share	53,172	85,866	139,038
District contributions subsequent to the measurement date	<u>231,205</u>	<u>627,643</u>	<u>858,848</u>
Total deferred outflows of resources	<u>\$ 331,320</u>	<u>\$ 1,236,279</u>	<u>\$ 1,567,599</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 88,862</u>	<u>\$ 814,010</u>	<u>\$ 902,872</u>
Total deferred inflows of resources	<u>\$ 88,862</u>	<u>\$ 814,010</u>	<u>\$ 902,872</u>

\$858,848 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ (15,742)	\$ (161,176)	\$ (176,918)
2018	(15,742)	(161,176)	(176,918)
2019	(15,743)	(161,174)	(176,917)
2020	<u>58,480</u>	<u>278,152</u>	<u>336,632</u>
Total	<u>\$ 11,253</u>	<u>\$ (205,374)</u>	<u>\$ (194,121)</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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 4,076,365	\$ 2,939,741	\$ 1,982,611

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

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 15,947,625	\$ 11,480,748	\$ 7,703,337

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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, 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, none of the employer contribution 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 District's surcharge obligation was \$26,925.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$26,925, \$37,853, and \$26,039, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**B. State Teachers Retirement System**

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$42,548, respectively. The full amount has been contributed for fiscal year 2014.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 980,690
Net adjustment for revenue accruals	(13,575)
Net adjustment for expenditure accruals	74,914
Net adjustment for other sources/uses	(152,231)
Funds budgeted elsewhere	2,325
Adjustment for encumbrances	123,880
GAAP basis	<u>\$ 1,016,003</u>

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**C. Foundation Funding**

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

**NOTE 18 - SET-ASIDES**

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 18 - SET-ASIDES - (Continued)**

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	176,257
Current year qualifying expenditures	-
Current year offsets	(70,527)
Prior year offset from bond proceeds	<u>(105,730)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

In prior fiscal years, the District issued \$3,037,000 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,157,864 at June 30, 2016.

**NOTE 19 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 85,461
Other governmental	<u>294,024</u>
Total	<u>\$ 379,485</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.05151930%	0.05013300%	0.05013300%
District's proportionate share of the net pension liability	\$ 2,939,741	\$ 2,537,203	\$ 2,981,249
District's covered-employee payroll	\$ 1,551,002	\$ 1,456,775	\$ 1,408,526
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	211.66%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.04154111%	0.04119527%	0.04119527%
District's proportionate share of the net pension liability	\$ 11,480,748	\$ 10,020,115	\$ 11,935,896
District's covered-employee payroll	\$ 4,394,536	\$ 4,209,023	\$ 4,338,862
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.25%	238.06%	275.09%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 231,205	\$ 204,422	\$ 201,909	\$ 194,940
Contributions in relation to the contractually required contribution	<u>(231,205)</u>	<u>(204,422)</u>	<u>(201,909)</u>	<u>(194,940)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,651,464	\$ 1,551,002	\$ 1,456,775	\$ 1,408,526
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 193,566	\$ 186,414	\$ 209,268	\$ 147,060	\$ 138,967	\$ 150,011
<u>(193,566)</u>	<u>(186,414)</u>	<u>(209,268)</u>	<u>(147,060)</u>	<u>(138,967)</u>	<u>(150,011)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,439,152	\$ 1,483,007	\$ 1,545,554	\$ 1,494,512	\$ 1,415,143	\$ 1,404,597
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 627,643	\$ 615,235	\$ 547,173	\$ 564,052
Contributions in relation to the contractually required contribution	<u>(627,643)</u>	<u>(615,235)</u>	<u>(547,173)</u>	<u>(564,052)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,483,164	\$ 4,394,536	\$ 4,209,023	\$ 4,338,862
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 570,071	\$ 582,883	\$ 620,378	\$ 608,543	\$ 579,870	\$ 550,138
<u>(570,071)</u>	<u>(582,883)</u>	<u>(620,378)</u>	<u>(608,543)</u>	<u>(579,870)</u>	<u>(550,138)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,385,162	\$ 4,483,715	\$ 4,772,138	\$ 4,681,100	\$ 4,460,538	\$ 4,231,831
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

December 21, 2016

To the Board of Education  
Newcomerstown Exempted Village School District  
Tuscarawas County, Ohio  
702 South River Street  
Newcomerstown, OH 43832

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newcomerstown Exempted Village School District, Tuscarawas County, Ohio (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items 2016-001 and 2016-002.

### **District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying *Corrective Action Plan*. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

December 21, 2016

To the Board of Education  
Newcomerstown Exempted Village School District  
Tuscarawas County, Ohio  
702 South River Street  
Newcomerstown, OH 43832

**Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

We have audited Newcomerstown Exempted Village School District's, Tuscarawas County, Ohio (the District) compliance with the types of compliance requirement described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance 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 express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Newcomerstown Exempted Village School District, Tuscarawas County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *Uniform Guidance* and which is described in the accompanying schedule of findings and questioned costs as item, 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-003, which we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2016*

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Disbursements	Amount Paid to Subrecipients
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2015	\$ 107,296	\$ 0
Title I Grants to Local Educational Agencies	84.010	2016	548,485	0
Total Title I Grants to Local Educational Agencies			<u>655,781</u>	<u>0</u>
Special Education - Grants to States	84.027	2015	40,039	0
Special Education - Grants to States	84.027	2016	211,197	0
Total Special Education - Grants to States			<u>251,236</u>	<u>0</u>
Rural Education	84.358	2015	15,440	0
Rural Education	84.358	2016	19,145	0
Total Rural Education			<u>34,585</u>	<u>0</u>
Title II-A - Improving Teacher Quality	84.367	2015	12,904	0
Title II-A - Improving Teacher Quality	84.367	2016	74,793	0
Total Title II-A - Improving Teacher Quality			<u>87,697</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<b><u>1,029,299</u></b>	<b><u>0</u></b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
School Breakfast Program	10.553	2016	13,759	0
National School Lunch Program	10.555	2016	29,335	0
<i>Non-Cash Assistance Subtotal</i>			<u>43,094</u>	<u>0</u>
<i>Cash Assistance:</i>				
School Breakfast Program	10.553	2016	149,972	0
National School Lunch Program	10.555	2016	319,751	0
<i>Cash Assistance Subtotal</i>			<u>469,723</u>	<u>0</u>
<i>Total Child Nutrition Cluster</i>			<u>512,817</u>	<u>0</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	2016	7,990	0
<b>Total U.S. Department of Agriculture</b>			<b><u>520,807</u></b>	<b><u>0</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u>\$ 1,550,106</u></b>	<b><u>\$ 0</u></b>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2016*

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**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Newcomerstown Exempted Village School District (the 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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 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 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2015 to 2016 programs:

<u>Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Amt.</u> <u>Transferred</u>
Special Education - Grants to States	84.027	\$ 1,580

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*2 CFR Section 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)?	No
(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?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Child Nutrition Cluster School Breakfast Program National School Lunch Program Title I	CFDA #  10.553 10.555 84.010
(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 §200.520?	No

**Newcomerstown Exempted Village School District**  
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*Schedule of Findings and Questioned Costs (Continued)*  
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<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2016-001**

**Material Noncompliance – Negative Fund Balance**

**Criteria:** Ohio Revised Code 5705.10(I) requires that monies paid into any fund be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Ohio Revised Code 3315.20 states a school district may have a deficit in any special fund of the district only if both of the following conditions are satisfied : (1) the district has a request for payment pending with the state sufficient to cover the amount of the deficit and there is reasonable likelihood that the payment will be made, and (2) the unspent and unencumbered balance in the district’s general fund is greater than the aggregate of deficit amounts in all of the district’s special funds.

Ohio Revised Code 3313.81 states, in part, that revenues for the operation, maintenance, improvement, and purchase of equipment shall be provided by the Food Service Fund, appropriations transferred from the General Fund, federal funds, and from other proper sources.

**Condition:** During fiscal year 2016, the Food Service Fund incurred a negative cash fund balance in the amount of \$116,667. As a result, monies from other funds were used to cover the obligations incurred by this fund.

**Cause:** Starting in 2003, the District has maintained a deficit in the Food Service Fund. In past years the Food Service Fund has sustained a net loss, thus increasing the deficit fund cash balance. However, in fiscal year 2016 we noted this fund had an increase in fund balance of \$250,724, due to a transfer from the General Fund on June 29, 2016 to the Food Service Fund in the amount of \$280,000, which reduced the deficit from (\$367,391) at June 30, 2015 to (\$116,667) at June 30, 2016.

**Effect:** The District continues to maintain a fund balance deficit in the Food Service Fund.

**Recommendation:** The District should monitor receipts and disbursements on a regular basis to ensure a sufficient fund balance exists before authorizing the expenditure of funds. In those cases where additional funds are required, the resources should either be transferred or advanced to that fund from the General Fund to help avoid a negative cash fund balance. This would include appropriating General Fund monies at the beginning of the year to reduce fund deficit balances. To correct this non-compliance in the future, we recommend the District establish a formal plan to reduce the negative cash fund balance in the Food Service Fund.

**Management’s Response:** See Corrective Action Plan.

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Schedule of Findings and Questioned Costs (Continued)*  
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**Finding Number: 2016-002**

**Material Noncompliance – Budgeting Procedures**

**Criteria:** Ohio Revised Code 5705.39 states, in part, that the total appropriation from each fund shall not exceed the total estimated revenue available for expenditure therefrom, as certified by the budget commission. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

**Condition:** At June 30, 2016, the following fund had appropriations exceeding estimated resources:

	Total Estimated Resources	Final Appropriations	Excess
Food Service	\$ 497,609	\$ 650,000	\$ (152,391)

**Cause:** This is a direct result of a prior year deficit unencumbered fund balance.

**Effect:** Failure to monitor budgetary expenditures and appropriations could result in unauthorized expenditures and increased fund deficit.

**Recommendation:** We recommend the District monitor appropriations and estimated resources and file amendments as needed with the County Auditor to ensure the total appropriation from do not exceed the total official estimate or amended official estimate. This will help reduce the risk of disbursements exceeding actual revenues available and will add a measure of control over the District’s budgetary process.

**Management’s Response:** See Corrective Action Plan.

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**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Schedule of Findings and Questioned Costs (Continued)*  
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*June 30, 2016*

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2016-003
<b>CFDA Title and Number</b>	Child Nutrition Cluster – CFDA #10.553/10.555
<b>Federal Award Number / Year</b>	2016
<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance and Significant Deficiency – Eligibility**

**Criteria:** 7 CFR part 245.3(a) states that each State agency, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in §245.2, under the jurisdiction of such State agency, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the Federal Register.

**42 U.S.C. § 1758(b)(1)** states the income guidelines for determining eligibility for free lunches shall be 130 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B). The income guidelines for determining eligibility for reduced price lunches for any school year shall be 185 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B).

**Condition:** During testing of certain free and reduced lunch applications, 3 out of 21 applications tested were improperly awarded free lunches rather than being reduced.

**Cause:** The Food Service Administrative Assistant only included earned income when entering the applications into the District’s FORMAT system. Therefore, any additional income such as alimony, social security, pension, child support, etc. was not included in the calculation for free and reduced lunches. In addition, we could not determine whether the information entered by the Administrative Assistant was reviewed by supervisory personnel.

**Effect:** This causes non-compliance with the criteria outlined above and resulted in overstatement of the District’s Nutrition Cluster reimbursement.

**Recommendation:** The District should implement procedures to help reduce the risk that a family’s free or reduced lunch status is improperly determined, through proper training of employees who handle the data entry at all the District’s buildings. In addition, the calculated status should be reviewed by the appropriate supervisory personnel.

**School District’s Response:** See Corrective Action Plan.

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Corrective Action Plan*  
*2 CFR Section 200.515*  
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<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
<b>2016-001</b>	The Board of Education contracted with a food service contractor to provide service during the 2016-2017 school year. The food service fund is operating on a break-even budget. The Board of Education intends to transfer funds at the end of the fiscal year to cover the deficit balance in the food service fund.	June 30, 2017	Christie Green, Treasurer
<b>2016-002</b>	The Board of Education contracted with a food service contractor to provide service during the 2016-2017 school year. The food service fund is operating on a break-even budget. The Board of Education intends to transfer funds at the end of the fiscal year to cover the deficit balance in the food service fund.	June 30, 2017	Christie Green, Treasurer
<b>2016-003</b>	Going forward, the Food Service Coordinator will review the applications and be the confirming official by reviewing applications bi-weekly. In addition, the Administrative Assistant will attend state offered training as offered and utilize POS service provider tutorials as well as utilize the assistance from our Child Nutrition Consultant for the District. The income eligibility guidelines are now posted in the office for easy reference.	December 31, 2016	Christie Green, Treasurer



**Newcomerstown Exempted Village School District**  
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*Schedule of Prior Audit Findings*  
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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Corrected, Significantly Different Corrective Action Taken or Finding No Longer Valid Explain</b>
<b>2015-001</b>	Ohio Rev. Code § 5705.10(I) requires that monies paid into any fund be used only for the purpose for which fund has been established. Throughout fiscal years 2013, 2014 and as of June 30, 2015 the Food Service Fund incurred significant negative cash fund balances	No	Repeated as item 2016-001. The District is reducing the deficit fund balances through transfers from the General fund. Fund balance should in the black in fiscal year 2017.
<b>2015-002</b>	Ohio Rev. Code § 5705.39 states, in part, that the total appropriation from each fund shall not exceed the total estimated revenue available for expenditure therefrom, as certified by the budget commission. As of June 30, 2015, Food Service Fund appropriations of \$502,000 exceeded estimated resources of \$(25,269) by \$527,269. This is a direct result of a year-end negative cash fund balance.	No	Repeated as item 2016-002. See above for reason for repeat finding.
<b>2015-003</b>	7 CFR part 210.8(a); 7 CFR part 210.8(a)(2) School food authority claims review process; and 7 CFR part 210.8(a)(3)(i) Edit checks require the District to ensure accuracy of data submission, including review of count data and comparison of reported free and reduced lunches to number of eligible children. There was lacking support of counts and inaccurate data submissions on site claim forms. 7 CFR part 210.7(c) Reimbursement limitations. To be entitled to reimbursement under this part, each school food authority (School District) shall ensure that Claims for Reimbursement are limited to the number of free, reduced price and paid lunches and meal supplements that are served to children eligible for free, reduced price and paid lunches and meal supplements, respectively, for each day of operation. It was determined that the lunch counting system maintained by the District to capture lunches served indicated that the point of sale (POS) system was properly capturing the free, reduced and paid lunches served.	Yes	Corrected

**Newcomerstown Exempted Village School District**  
**Tuscarawas County, Ohio**  
*Schedule of Prior Audit Findings (Continued)*  
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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Corrected, Significantly Different Corrective Action Taken or Finding No Longer Valid Explain</b>
<b>2015-004</b>	7 CFR part 210.8(a)(1) On-site reviews. Every school year, each school food authority (School District) with more than one school shall perform no less than one on-site review of the lunch counting and claiming system employed by each school under its jurisdiction. The District conducted an on-site review at the Middle School on December 4, 2014 but did not perform a site-review at the three other schools, East Elementary, West Elementary and the High School before February 1, 2015.	Yes	Corrected
<b>2015-005</b>	7 CFR part 210.13(2)(d) the school food authority shall ensure that the necessary facilities for storage, preparation and service of food are maintained. Review of the internal control procedures over inventory disclosed there was a lack of internal controls and accountability.	Yes	Corrected
<b>2015-006</b>	Each school year, Local Education Agencies are required to verify the eligibility of children in a sample of household applications approved for free or reduced price meal benefits. Under the existing regulations at 7 CFR part 245.6a(c), the school food authority may verify a sample of randomly selected applications or a sample of focused applications. The verification for the 2014/2015 school year was not maintained and could not be produced.	Yes	Corrected
<b>2015-07</b>	The District's procedures for monitoring allowability of disbursements from grant funds include the sign-off of an invoice or purchase order by the Food Service Director. During our testing of allowability over the Nutrition Cluster in fiscal year 2015, we noted that no invoices or purchase orders tested were signed by the Food Service Director.	Yes	Corrected



# Dave Yost • Auditor of State

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT**

**TUSCARAWAS 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 7, 2017**