

428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave
Vienna, WV 26105
304.422.2203

104 South Sugar St
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY
Single Audit
For the Year Ended June 30, 2016**

www.perrycpas.com

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Education
St. Bernard-Elmwood Place City School District
105 Washington Avenue
St. Bernard, Ohio 45217

We have reviewed the Independent Auditor's Report of the St. Bernard-Elmwood Place City School District, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 St. Bernard-Elmwood Place City 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 1, 2017

This page intentionally left blank.

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	21
Notes to the Basic Financial Statements	22
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio	51
Schedule of the District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio.....	52
Schedule of the District Contributions State Teachers Retirement System of Ohio	53
Schedule of the District Contributions School Employees Retirement System of Ohio.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	55
Notes to Required Supplementary Information.....	56
Schedule of Expenditures of Federal Awards	58

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY

TABLE OF CONTENTS (Continued)

TITLE	PAGE
Notes to the Schedule of Expenditures of Federal Awards.....	59
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	60
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	62
Schedule of Audit Findings – Uniform Guidance	64



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

December 31, 2016

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **St. Bernard-Elmwood Place City School District**, Hamilton 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



...***"bringing more to the table"***...

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Auditor's Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the St. Bernard-Elmwood Place City School District, Hamilton County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis*, required budgetary comparison for the General fund, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The discussion and analysis of St. Bernard-Elmwood Place City School District's 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 notes to the basic financial statements and basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- Net position of governmental activities increased \$1,760,171 which represents a 33% increase from 2015.
- General revenues accounted for \$11,370,143 in revenue or 70% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,845,671 or 30% of total revenues of \$16,208,181.
- The District had \$14,455,643 in expenses related to governmental activities; \$4,845,671 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,370,143 were also used to provide for these programs.

Overview of the 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. The General Fund is the only major fund of the District.

Government-wide Financial Statements

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 Government-wide Financial Statements answer this question. These statements include *all assets and liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

These two statements report the District's *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major fund is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major fund. 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.

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 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 financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

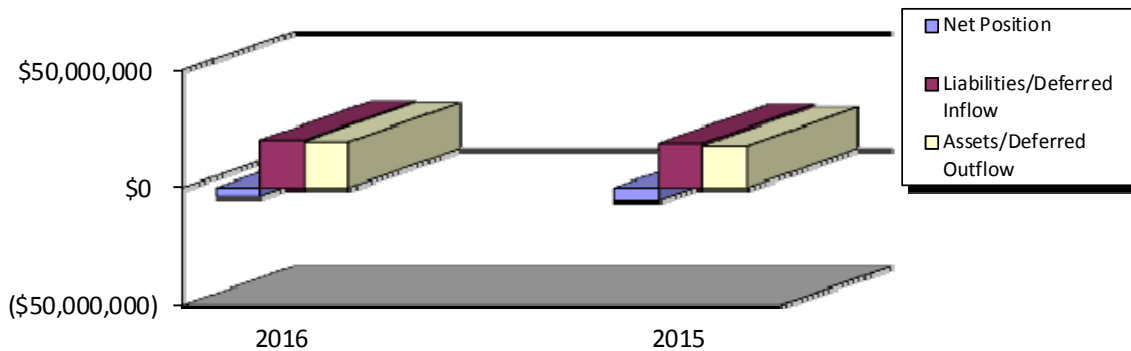
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2016 compared to 2015:

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2016	2015
Assets:		
Current and Other Assets	\$17,488,491	\$15,190,718
Capital Assets	2,112,399	2,639,002
Total Assets	19,600,890	17,829,720
Deferred Outflows of Resources:		
Pension	2,788,475	1,213,820
Total Deferred Outflows of Resources	2,788,475	1,213,820
Liabilities:		
Other Liabilities	951,436	1,053,869
Long-Term Liabilities	19,332,894	17,924,699
Total Liabilities	20,284,330	18,978,568
Deferred Inflows of Resources:		
Property Taxes	3,011,518	2,486,854
Pension	2,694,213	2,938,985
Total Deferred Inflows of Resources	5,705,731	5,425,839
Net Position:		
Net Investment in Capital Assets	1,646,399	2,032,002
Restricted	574,522	641,418
Unrestricted	(5,821,617)	(8,034,287)
Total Net Position	(\$3,600,696)	(\$5,360,867)



St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's assets exceeded liabilities and deferred inflows of resources by \$(3,600,696).

At year-end, capital assets represented 11% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2016, were \$1,646,399. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$574,522 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current assets increased from the prior year due primarily to an increase in cash and investments in 2016 compared to 2015. Long-term liabilities increased mainly due to an increase in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2016 and 2015.

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,571,964	\$1,626,615
Operating Grants, Contributions	3,273,707	3,273,802
General Revenues:		
Property Taxes	4,624,557	5,195,366
Grants and Entitlements	6,484,083	5,677,109
Other	261,503	224,816
Total Revenues	<u>16,215,814</u>	<u>15,997,708</u>
Program Expenses:		
Instruction	8,220,606	7,634,610
Support Services:		
Pupil and Instructional Staff	1,049,801	1,444,366
School Administrative, General		
Administration, and Fiscal	1,599,584	1,553,518
Operations and Maintenance	1,390,230	1,163,460
Pupil Transportation	376,012	352,186
Central	271,599	189,053
Operation of Non-Instructional Services	1,232,538	1,198,215
Extracurricular Activities	286,215	240,508
Interest and Fiscal Charges	29,058	35,992
Total Program Expenses	<u>14,455,643</u>	<u>13,811,908</u>
Change in Net Position	1,760,171	2,185,800
Net Position - Beginning of Year, Restated	<u>(5,360,867)</u>	<u>(7,546,667)</u>
Net Position - End of Year	<u><u>(\$3,600,696)</u></u>	<u><u>(\$5,360,867)</u></u>

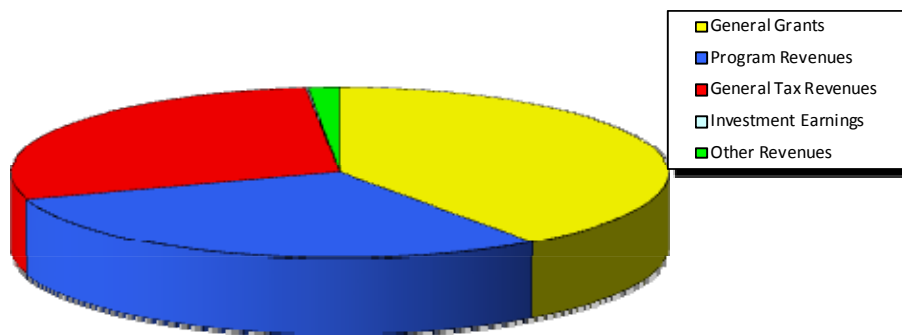
Of the total governmental activities revenues of \$16,215,814, \$4,845,671 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$4,624,557 (41%) comes from property tax levies and \$6,484,083 (58%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**St. Bernard-Elmwood Place City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service.

	2016	Percentage
General Grants	\$6,484,083	39.99%
Program Revenues	4,845,671	29.88%
General Tax Revenues	4,624,557	28.52%
Investment Earnings	17,072	0.11%
Other Revenues	244,431	1.50%
Total Revenue Sources	\$16,215,814	100.00%



Instruction comprises 57% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses including interest expense were 11%. Interest expense was attributable to the outstanding borrowing for capital projects.

Property taxes decreased primarily due to a decrease in the amount of personal property tax (monies received from Hamilton County) received by the District in 2016 compared to 2015, while general grants (monies received from state sources) increased from 2015 to 2016. Total expenses for fiscal year 2016 when compared to fiscal year 2015 increased slightly due to increases in instruction expenses (mainly from payroll costs).

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$8,220,606	\$7,634,610	(\$4,839,582)	(\$4,450,323)
Support Services:				
Pupil and Instructional Staff	1,049,801	1,444,366	(910,566)	(987,608)
School Administrative, General				
Administration, and Fiscal	1,599,584	1,553,518	(1,597,433)	(1,548,285)
Operations and Maintenance	1,390,230	1,163,460	(1,390,230)	(1,163,460)
Pupil Transportation	376,012	352,186	(356,841)	(336,010)
Central	271,599	189,053	(266,199)	(189,053)
Operation of Non-Instructional Services	1,232,538	1,198,215	12,257	(15,717)
Extracurricular Activities	286,215	240,508	(232,320)	(185,043)
Interest and Fiscal Charges	29,058	35,992	(29,058)	(35,992)
Total Expenses	<u>\$14,455,643</u>	<u>\$13,811,908</u>	<u>(\$9,609,972)</u>	<u>(\$8,911,491)</u>

The District's Major Fund

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$15,793,325 (90%) of the total \$17,522,177 governmental funds' assets.

General Fund: Fund balance at June 30, 2016 was \$11,338,927. The fund balance increased from 2016 compared to 2015. The overall fund balance increase is due to the District being able to control spending.

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.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District reviews the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$14,175,406, compared to original budget estimates of \$12,331,722. Of the \$1,843,684 difference, most was due to underestimation of tax and intergovernmental revenues.

The District's ending unobligated cash balance for the General Fund was \$10,445,046 which is \$2,423,232 above the final budgeted amount. Actual expenditures were less than final budget mainly due to over estimation of instructional and support services expenditures.

St. Bernard-Elmwood Place City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had \$2,112,399 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2016 balances compared to fiscal year 2015:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$306,322	\$306,322
Buildings and Improvements	843,252	1,123,641
Equipment	<u>962,825</u>	<u>1,209,039</u>
Total Net Capital Assets	<u><u>\$2,112,399</u></u>	<u><u>\$2,639,002</u></u>

The decrease in capital assets is due to depreciation expense for the fiscal year being greater than additions.

See Note 6 to the basic financial statements for further details on the District’s capital assets.

Debt

At June 30, 2016, the District had \$466,000 in capital leases outstanding, \$148,000 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Capital Lease	\$466,000	\$607,000

See Note 7 and 8 in the notes to the basic financial statements for further details on the District’s outstanding debt.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current

St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

funding system for schools is far too dependent on property taxes which are inherently not "equitable" or "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations, or if the State of Ohio will comply with the decision.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

HB66 caused the district to lose over \$4,000,000 in local personal property tax revenue. During the fiscal years 2006 through 2010 the District was reimbursed for a portion of this lost revenue from the state based on the Districts fiscal year 2004 personal property tax collections. However, this reimbursement did not replace the anticipated tax revenues the District was expecting in fiscal years 2006 through 2010. For fiscal years 2011 through 2017 the reimbursement will be phased out completely. After fiscal year 2017, the District will only receive an increase in the foundation amount received from the state due to any decrease in valuation. The District will have further budget reductions up through 2017 as needed.

In June of 2013, the budget for 2014 and 2015 was passed (HB 59). District budget was increased by approximately \$250,000 per year. The District still receives \$2,724,638 payment for tangible personal property tax payments because of HB 66. The District was not required to repay any of this tangible personal property during this biennium.

In June of 2015, the budget for 2016 and 2017 was passed (HB 64). The gain cap was reduced to 7.5% which increased the budget as the district is consistently capped. The budget also introduced capacity aid which is aimed toward small, low income districts. St. Bernard-Elmwood Place benefits significantly from the new capacity funding. The new budget bill increases the district's funds in the short run. In the coming years the reduction of Tangible Personal Property Tax Reimbursement has a great impact on the district, specifically the taxpayers.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

This Space Intentionally Left Blank

**St. Bernard-Elmwood Place City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Emily Hauser, Treasurer at St. Bernard-Elmwood Place City School District, 105 Washington Avenue, St. Bernard, Ohio 45217. Or E-mail at ehauser@sbepschools.org.

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$12,066,220
Receivables (Net):	
Taxes	5,216,442
Accounts	5,456
Interest	1,623
Intergovernmental	171,640
Prepays	6,888
Inventory	20,222
Nondepreciable Capital Assets	306,322
Depreciable Capital Assets, Net	<u>1,806,077</u>
 Total Assets	 <u>19,600,890</u>
 Deferred Outflows of Resources:	
Pension	<u>2,788,475</u>
 Total Deferred Outflows of Resources	 <u>2,788,475</u>
 Liabilities:	
Accounts Payable	51,550
Accrued Wages and Benefits	899,886
Long-Term Liabilities:	
Due Within One Year	201,758
Due In More Than One Year:	
Net Pension Liability	17,825,865
Other Amounts	<u>1,305,271</u>
 Total Liabilities	 <u>20,284,330</u>
 Deferred Inflows of Resources:	
Property Taxes	3,011,518
Pension	<u>2,694,213</u>
 Total Deferred Inflows of Resources	 <u>5,705,731</u>
 Net Position:	
Net Investment in Capital Assets	1,646,399
Restricted for:	
Auxiliary Services	50,918
State Grants	3,443
Federal Grants	56,260
Food Service	285,296
Other Purposes	178,605
Unrestricted (Deficit)	<u>(5,821,617)</u>
 Total Net Position	 <u><u>(\$3,600,696)</u></u>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$5,945,283	\$1,391,512	\$887,175	(\$3,666,596)
Special	2,024,135	28,842	949,167	(1,046,126)
Vocational	15,590	0	0	(15,590)
Other	235,598	2,566	121,762	(111,270)
Support Services:				
Pupil	680,172	0	0	(680,172)
Instructional Staff	369,629	0	139,235	(230,394)
General Administration	17,928	0	0	(17,928)
School Administration	1,069,335	0	2,151	(1,067,184)
Fiscal	511,126	0	0	(511,126)
Business	1,195	0	0	(1,195)
Operations and Maintenance	1,390,230	0	0	(1,390,230)
Pupil Transportation	376,012	0	19,171	(356,841)
Central	271,599	0	5,400	(266,199)
Operation of Non-Instructional Services	1,232,538	95,149	1,149,646	12,257
Extracurricular Activities	286,215	53,895	0	(232,320)
Interest and Fiscal Charges	29,058	0	0	(29,058)
Totals	\$14,455,643	\$1,571,964	\$3,273,707	(9,609,972)
General Revenues:				
Property Taxes Levied for:				
				4,624,557
				6,484,083
				2,939
				17,072
				241,492
Total General Revenues				11,370,143
Change in Net Position				1,760,171
Net Position - Beginning of Year				(5,360,867)
Net Position - End of Year				(\$3,600,696)

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
 Balance Sheet
 Governmental Funds
 June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$10,521,765	\$1,544,455	\$12,066,220
Receivables (Net):			
Taxes	5,216,442	0	5,216,442
Accounts	3,858	1,598	5,456
Interest	1,623	0	1,623
Intergovernmental	9,943	161,697	171,640
Interfund	33,686	0	33,686
Prepays	6,008	880	6,888
Inventory	0	20,222	20,222
Total Assets	<u>15,793,325</u>	<u>1,728,852</u>	<u>17,522,177</u>
Liabilities:			
Accounts Payable	48,383	3,167	51,550
Accrued Wages and Benefits	774,573	125,313	899,886
Interfund Payable	0	33,686	33,686
Total Liabilities	<u>822,956</u>	<u>162,166</u>	<u>985,122</u>
Deferred Inflows of Resources:			
Property Taxes	3,631,442	0	3,631,442
Grants and Other Taxes	0	120,060	120,060
Total Deferred Inflows of Resources	<u>3,631,442</u>	<u>120,060</u>	<u>3,751,502</u>
Fund Balances:			
Nonspendable	6,008	880	6,888
Restricted	0	546,096	546,096
Assigned	56,065	954,626	1,010,691
Unassigned	11,276,854	(54,976)	11,221,878
Total Fund Balances	<u>11,338,927</u>	<u>1,446,626</u>	<u>12,785,553</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$15,793,325</u>	<u>\$1,728,852</u>	<u>\$17,522,177</u>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2016

Total Governmental Fund Balance \$12,785,553

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

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

Capital assets used in the operation of Governmental Funds 2,112,399

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

Delinquent Property Taxes	619,924	
Intergovernmental	<u>120,060</u>	
		739,984

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (1,041,029)

Deferred outflows and inflows or resources related to pensions
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	2,788,475	
Deferred inflows of resources related to pensions	<u>(2,694,213)</u>	
		94,262

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds.

Net Pension Liability	(17,825,865)	
Other Amounts	<u>(466,000)</u>	
		<u>(18,291,865)</u>

Net Position of Governmental Activities (\$3,600,696)

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$4,624,558	\$0	\$4,624,558
Tuition and Fees	1,420,839	0	1,420,839
Investment Earnings	16,878	194	17,072
Intergovernmental	7,706,562	2,104,061	9,810,623
Extracurricular Activities	29,099	24,314	53,413
Charges for Services	0	95,149	95,149
Other Revenues	265,157	14,325	279,482
Total Revenues	14,063,093	2,238,043	16,301,136
Expenditures:			
Current:			
Instruction:			
Regular	5,296,537	424,429	5,720,966
Special	1,705,840	364,410	2,070,250
Vocational	0	15,590	15,590
Other	86,623	153,579	240,202
Support Services:			
Pupil	672,360	15,665	688,025
Instructional Staff	154,278	212,132	366,410
General Administration	18,350	0	18,350
School Administration	1,078,497	16,918	1,095,415
Fiscal	563,142	2,680	565,822
Business	1,195	0	1,195
Operations and Maintenance	1,143,622	84,422	1,228,044
Pupil Transportation	344,388	5,162	349,550
Central	198,857	81,882	280,739
Operation of Non-Instructional Services	0	1,230,683	1,230,683
Extracurricular Activities	219,513	74,717	294,230
Debt Service:			
Principal Retirement	0	141,000	141,000
Interest and Fiscal Charges	0	29,058	29,058
Total Expenditures	11,483,202	2,852,327	14,335,529
Excess of Revenues Over (Under) Expenditures	2,579,891	(614,284)	1,965,607
Other Financing Sources (Uses):			
Transfers In	0	839,201	839,201
Transfers (Out)	(839,201)	0	(839,201)
Total Other Financing Sources (Uses)	(839,201)	839,201	0
Net Change in Fund Balance	1,740,690	224,917	1,965,607
Fund Balance - Beginning of Year	9,598,237	1,221,709	10,819,946
Fund Balance - End of Year	\$11,338,927	\$1,446,626	\$12,785,553

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balance - Total Governmental Funds		\$1,965,607
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	28,808	
Depreciation Expense	<u>(455,418)</u>	(426,610)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		
		(99,993)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	1,043,954	
Cost of benefits earned net of employee contributions	<u>(836,177)</u>	207,777
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental		(85,322)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		141,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>57,712</u>
Change in Net Position of Governmental Activities		<u>\$1,760,171</u>
See accompanying notes to the basic financial statements.		

St. Bernard-Elmwood Place City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$205,004	\$22,897
Receivables (Net):		
Accounts	<u> 0</u>	<u> 228</u>
Total Assets	<u> 205,004</u>	<u> 23,125</u>
Liabilities:		
Other Liabilities	<u> 0</u>	<u> 23,125</u>
Total Liabilities	<u> 0</u>	<u> \$23,125</u>
Net Position:		
Held in Trust	<u> 205,004</u>	
Total Net Position	<u> \$205,004</u>	

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust
Additions:	
Donations	\$4,800
Other	<u>2,367</u>
Total Additions	<u>7,167</u>
Deductions:	
Scholarships	<u>6,828</u>
Total Deductions	<u>6,828</u>
Change in Net Position	339
Net Position - Beginning of Year	<u>204,665</u>
Net Position - End of Year	<u><u>\$205,004</u></u>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1 – Description of the District

The St. Bernard-Elmwood Place City School District (the District) was chartered by the Ohio State Legislature in 1968. Prior to 1968, Elmwood Place and St. Bernard were separate school districts. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District is the fifth smallest in Hamilton County in terms of enrollment. It currently operates two elementary schools (grades preschool-6 and grades K-6), and one junior/senior high school (grades 7-12).

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, the reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in government-wide statements.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

General Fund - The general fund is used to account for all financial resources except those required to be accounted for 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.

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's has a student activity Agency fund which accounts for assets and liabilities generated by student managed activities. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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, included 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are explained in Note 11.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities 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 the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2016.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2016 amounted to \$16,878 for the General Fund and \$194 amounted to Other Governmental Funds.

Inventory

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-50 years
Equipment	5-20 years

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.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	1.75-2.25 days per month	10-21 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	Per contract	Per contract
Vested Termination Entitlement	Not Applicable	As Earned	As Earned
	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	260 days	Number of days in contract -- 275	Number of days in contract -- 215-260
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$546,096 in restricted net position, \$0 was restricted by enabling legislation.

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Formal action by the Board of Education is needed to commit or rescind resources.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be uses.

Estimates

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2016, \$5,839,606 of the District's bank balance of \$11,859,559 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2016, the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$500,000	0.05

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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. The above table identifies the District's recurring fair value measurements as of June 30, 2016. All of the District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Negotiable CDs were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested only in Negotiable CDs.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 4 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2017 operations. The amount available for advance can vary based on the date the tax bills are sent.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Accrued property taxes receivable represent delinquent taxes outstanding and real property and public utility taxes which became measurable at June 30, 2016. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2016. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2016, was \$1,585,000 for General Fund, and is recognized as revenue.

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

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$88,838,730
Public Utility Personal	<u>10,429,500</u>
Total	<u><u>\$99,268,230</u></u>

Note 5 – Receivables

Receivables at June 30, 2016, consisted of taxes, accounts (rent and student fees), interest, intergovernmental grants and interfund. 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.

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$306,322	\$0	\$0	\$306,322
Total Capital Assets, not being depreciated	306,322	0	0	306,322
Capital Assets, being depreciated:				
Buildings and Improvements	8,348,441	0	31,083	8,317,358
Furniture and Equipment	2,914,058	28,808	93,900	2,848,966
Total Capital Assets, being depreciated:	<u>11,262,499</u>	<u>28,808</u>	<u>124,983</u>	<u>11,166,324</u>
Totals at Historical Cost	<u>11,568,821</u>	<u>28,808</u>	<u>124,983</u>	<u>11,472,646</u>
Less Accumulated Depreciation:				
Buildings and Improvements	7,224,800	249,306	0	7,474,106
Furniture and Equipment	1,705,019	206,112	24,990	1,886,141
Total Accumulated Depreciation	<u>8,929,819</u>	<u>455,418</u>	<u>24,990</u>	<u>9,360,247</u>
Governmental Activities Capital Assets, Net	<u>\$2,639,002</u>	<u>(\$426,610)</u>	<u>\$99,993</u>	<u>\$2,112,399</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$187,117
Support Services:	
Pupils	1,118
Instructional Staff	3,601
School Administration	900
Fiscal	4,888
Operations and Maintenance	176,590
Pupil Transportation	33,963
Central	8,083
Operation of Non-Instructional Services	<u>39,158</u>
Total Depreciation Expense	<u>\$455,418</u>

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 7 – Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
<u>Net Pension Liability:</u>					
STRS	\$13,540,063	\$2,594,798	\$1,178,472	\$14,956,389	\$0
SERS	<u>2,674,152</u>	<u>523,476</u>	<u>328,152</u>	<u>2,869,476</u>	<u>0</u>
Total Net Pension Liability	16,214,215	3,118,274	1,506,624	17,825,865	0
<u>Capital Leases:</u>					
OASBO Pool Lease	607,000	0	141,000	466,000	148,000
Compensated Absences	<u>1,103,484</u>	<u>11,236</u>	<u>73,691</u>	<u>1,041,029</u>	<u>53,758</u>
Total Governmental Activities	<u>\$17,924,699</u>	<u>\$3,129,510</u>	<u>\$1,721,315</u>	<u>\$19,332,894</u>	<u>\$201,758</u>

The capital lease will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid.

Note 8 – Capital Leases – Lessee Disclosure

In prior years, capital lease proceeds that were recorded in the Permanent Improvement Fund relate to the installation of an HVAC system in the District. The District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned National City Bank as trustee. The lease is renewable annually and expires in 2019. The intention of the District is to renew the lease annually.

The District began the project in fiscal year 2005. The District made \$141,000 in principal payments for fiscal year 2016. The principal amount owed on the lease at year end is \$466,000.

The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.73% plus an annual administrative fee. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2016.

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Fiscal Year Ending June 30	Long-Term Debt
2017	\$168,936
2018	168,582
2019	<u>169,068</u>
Total Minimum Lease Payments	\$506,586
Less: Amount Representing Interest (4.73%)	(39,281)
Less: Additional Program Cost Component	<u>(1,305)</u>
Present Value of Minimum Lease Payments	<u><u>\$466,000</u></u>

Capital assets acquired under capital leases are as follows:

Equipment	\$1,760,000
-----------	-------------

Note 9 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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, 2.5 percent for years of service credit over 30 or \$86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$255,223 for fiscal year 2016. Of this amount \$54,349 is reported as accrued wages and benefits.

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 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 increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 \$788,731 for fiscal year 2016. Of this amount \$96,562 is reported as accrued wages and benefits.

Net Pension Liability

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,869,476	\$14,956,389	\$17,825,865
Proportion Net Pension Prior Measurement Date	0.05028790%	0.05411712%	
Proportion Net Pension Current Measurement Date	<u>0.05283900%</u>	<u>0.05566668%</u>	
Change in Proportionate Share	0.00255110%	0.00154956%	
Pension Expense	180,940	680,113	861,053

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

This Space Intentionally Left Blank

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$47,303	\$685,452	\$732,755
Net difference between projected and actual earnings on pension plan investments	214,726	750,778	965,504
Changes in employer proportion and differences between contributions and proportionate share of contributions	32,685	13,577	46,262
District contributions subsequent to the measurement date	<u>255,223</u>	<u>788,731</u>	<u>1,043,954</u>
Total Deferred Outflows of Resources	<u>\$549,937</u>	<u>\$2,238,538</u>	<u>\$2,788,475</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$330,755	\$1,896,155	\$2,226,910
Changes in employer proportion and differences between contributions and proportionate share of contributions	(20,955)	(69,729)	(90,684)
Changes in employer proportionate share of net pension liability	<u>133,852</u>	<u>424,135</u>	<u>557,987</u>
Total Deferred Inflows of Resources	<u>\$443,652</u>	<u>\$2,250,561</u>	<u>\$2,694,213</u>

\$1,043,954 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	(\$77,212)	(\$353,373)	(\$430,585)
2018	(77,212)	(353,373)	(430,585)
2019	(77,438)	(353,372)	(430,810)
2020	<u>50,238</u>	<u>245,788</u>	<u>296,026</u>
Total	<u>(\$181,624)</u>	<u>(\$814,330)</u>	<u>(\$995,954)</u>

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating 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:

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$3,978,932	\$2,869,476	\$1,935,223

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, including inflation
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:

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

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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	\$20,775,553	\$14,956,389	\$10,035,418

Note 10 - Post Employment Benefits

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 under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For the year ended June 30, 2016, the health care allocation is 0%. 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 \$23,043.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$38,864, and \$28,058, respectively. For fiscal year 2015, 76 percent has been contributed, with the balance being reported as accrued wages and benefits. The full amount has been contributed for fiscal years 2015 and 2014.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, 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 \$58,989, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

Note 11 – Contingent Liabilities

Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 or June 30, 2016 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.

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2016.

Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 12 - Jointly Governed Organizations

The Hamilton/Clermont Cooperative Information Technology Center (H/CC), formerly known as H/CCA, is a jointly governed organization consisting of 31 school districts. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. Each of the governments of these schools supports H/CC and shares in a percentage of the equity based on the resources provided. H/CC is governed by a board of directors consisting of the superintendents or designees of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained by writing to H/CC Information Technology Center, Tom Collins, Executive Director, 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a board consisting of a representative from each participating school district's elected board. That board possesses its own budgeting and taxing authority. Great Oaks provides academic preparation and job training which lead to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information write to the Great Oaks Career Campuses, 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

Note 13 – OASBO Group Rating Program

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio Association of School Business Officials (OASBO). The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District carries insurance coverage with the following companies:

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

<u>Coverage</u>	<u>Company</u>
Automobile	Argonaut Insurance Company
Property	Argonaut Insurance Company
General Liability	Argonaut Insurance Company

Limits and deductible amounts for the above policies vary accordingly.

<u>Coverage</u>	<u>Limits</u>	<u>Deductibles</u>
Automobile	\$2,000,000 each occurrence	\$500 collision
Property	Covered for value of loss	\$1,000 each loss
General Liability	\$2,000,000 each occurrence \$4,000,000 general aggregate	

The District pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

The District participates in the Greater Cincinnati Insurance Consortium, an insurance purchasing pool. The District can obtain better coverage and/or lower premiums by purchasing health, dental, and life insurance benefits through the pool. Greater Cincinnati Insurance Consortium (GCIC) Self-Insurance Program is comprised of other area school districts. Each member pays an administrative fee to the pool. Each school district has a representative on the assembly (usually the superintendent or designee).

Note 15 – Accountability

The following individual funds had a deficit in fund balance at year end:

<u>Other Governmental Funds:</u>	<u>Deficit</u>
Poverty Aid	15,449
Special Education	2,168
Title I	15,089

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 16 – Set-Asides

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2015	\$0
Current Year Set Aside Requirements	180,233
Qualified Disbursements	(656,516)
Current Year Offsets	<u>0 *</u>
Set Aside Reserve Balance as of June 30, 2016	<u><u>(\$476,283)</u></u>

* - is a carryforward from prior years that can be used as the eligible amount to be used as a current year offsets. \$41,083 was used as the eligible offset for fiscal year 2005, \$6,984 for fiscal year 2006, \$37,071 for fiscal year 2007, \$8,494 for fiscal year 2008, \$0 for fiscal year 2009, \$0 for fiscal year 2010, \$0 for fiscal year 2011, \$22,597 for fiscal year 2012, \$7,498 for fiscal year 2013, \$10,419 for fiscal year 2014, \$25,455 for fiscal year 2015, and \$0 for 2016.. \$1,648,399 will be the offset carryforward for FY17.

Qualifying disbursements for capital maintenance reserve during the year were \$656,516.

Note 17 – Interfund Transactions

Interfund transactions at June 30, 2016, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$33,686	\$0	\$0	\$839,201
Other Governmental Funds	<u>0</u>	<u>33,686</u>	<u>839,201</u>	<u>0</u>
Total All Funds	<u><u>\$33,686</u></u>	<u><u>\$33,686</u></u>	<u><u>\$839,201</u></u>	<u><u>\$839,201</u></u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 18 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

the resources in the government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$6,008	\$880	\$6,888
Total Nonspendable	<u>6,008</u>	<u>880</u>	<u>6,888</u>
Restricted for:			
Other Grants	0	178,575	178,575
Student Activities	0	3,433	3,433
Auxiliary Services	0	50,822	50,822
Data Communication	0	2,015	2,015
Vocational Education Enhancement	0	1,428	1,428
Improving Teacher Quality	0	1	1
Food Service	0	308,178	308,178
Title III	0	1,644	1,644
Total Restricted	<u>0</u>	<u>546,096</u>	<u>546,096</u>
Assigned to:			
Debt Service	0	196,874	196,874
Permanent Improvement	0	757,752	757,752
Public Schools	56,065	0	56,065
Total Assigned	<u>56,065</u>	<u>954,626</u>	<u>1,010,691</u>
Unassigned (Deficit)	<u>11,276,854</u>	<u>(54,976)</u>	<u>11,221,878</u>
Total Fund Balance	<u>\$11,338,927</u>	<u>\$1,446,626</u>	<u>\$12,785,553</u>

Note 19 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2016, the District has implemented Governmental Accounting Standards Board (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 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the District's fiscal year 2016 note disclosures; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the

St. Bernard-Elmwood Place City School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 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 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it 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.

Note 20 – Subsequent Events

On November 8, 2016, the District passed a new bond levy for improvements to school facilities.

This Space Intentionally Left Blank

REQUIRED SUPPLEMENTARY INFORMATION

St. Bernard-Elmwood Place City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	2015	2014	2013
District's Proportion of the Net Pension Liability	0.05411712%	0.05566668%	0.05566668%
District's Proportionate Share of the Net Pension Liability	\$14,956,389	\$13,540,063	\$16,085,400
District's Covered-Employee Payroll	\$5,846,686	\$6,125,108	\$6,381,654
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	252.40%	226.80%	252.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) - Information prior to 2013 is not available

St. Bernard-Elmwood Place City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Three Fiscal Years (1)

	2015	2014	2013
District's Proportion of the Net Pension Liability	0.05028790%	0.05283900%	0.05283900%
District's Proportionate Share of the Net Pension Liability	\$2,869,476	\$2,674,152	\$3,143,109
District's Covered-Employee Payroll	\$1,837,405	\$1,550,916	\$1,616,575
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	200.53%	173.18%	194.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) - Information prior to 2013 is not available

St. Bernard-Elmwood Place City School District
 Required Supplementary Information
 Schedule of District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years (1)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$788,731	\$818,537	\$796,264	\$829,615	\$850,120	\$1,313,086	\$1,272,141	\$1,288,353	\$1,295,352	\$1,324,973
Contributions in Relation to the Contractually Required Contribution	(788,731)	(818,537)	(796,264)	(829,615)	(850,120)	(1,313,086)	(1,272,141)	(1,288,353)	(1,295,352)	(1,324,973)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$5,633,793	\$5,846,693	\$6,125,108	\$6,381,654	\$6,539,385	\$10,100,662	\$9,785,700	\$9,910,408	\$9,964,246	\$10,192,100
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

St. Bernard-Elmwood Place City School District
 Required Supplementary Information
 Schedule of District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$255,223	\$242,170	\$214,957	\$223,734	\$209,891	\$330,369	\$320,163	\$336,574	\$333,969	\$376,545
Contributions in Relation to the Contractually Required Contribution	(255,223)	(242,170)	(214,957)	(223,734)	(209,891)	(330,369)	(320,163)	(336,574)	(333,969)	(376,545)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$1,823,021	\$1,837,405	\$1,550,916	\$1,616,575	\$1,560,528	\$2,628,234	\$2,364,572	\$3,420,467	\$3,400,906	\$3,525,702
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

St. Bernard-Elmwood Place City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,367,792	\$5,020,809	\$5,179,558	\$158,749
Tuition and Fees	1,197,951	1,377,054	1,420,594	43,540
Investment Earnings	13,601	15,635	16,129	494
Intergovernmental	6,490,367	7,460,724	7,696,619	235,895
Extracurricular Activities	17,062	19,613	20,233	620
Other Revenues	244,949	281,571	290,474	8,903
Total Revenues	12,331,722	14,175,406	14,623,607	448,201
Expenditures:				
Current:				
Instruction:				
Regular	5,625,393	5,909,788	5,598,763	311,025
Special	1,760,415	1,849,413	1,752,081	97,332
Other	87,035	91,435	86,623	4,812
Support Services:				
Pupil	675,107	709,237	671,911	37,326
Instructional Staff	144,784	152,104	144,099	8,005
General Administration	18,437	19,369	18,350	1,019
School Administration	1,070,237	1,124,344	1,065,171	59,173
Fiscal	557,732	585,929	555,092	30,837
Business	1,201	1,261	1,195	66
Operations and Maintenance	1,160,966	1,219,659	1,155,470	64,189
Pupil Transportation	357,404	375,473	355,712	19,761
Central	209,358	219,942	208,367	11,575
Extracurricular Activities	214,741	225,597	213,724	11,873
Total Expenditures	11,882,810	12,483,551	11,826,558	656,993
Excess of Revenues Over (Under) Expenditures	448,912	1,691,855	2,797,049	1,105,194
Other Financing Sources (Uses):				
Advances In	388,337	446,396	460,510	14,114
Advances (Out)	(18,324)	(19,250)	(18,237)	1,013
Transfers (Out)	(598,868)	(629,144)	(596,033)	33,111
Total Other Financing Sources (Uses)	(228,855)	(201,998)	(153,760)	48,238
Net Change in Fund Balance	220,057	1,489,857	2,643,289	1,153,432
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	7,801,757	7,801,757	7,801,757	0
Fund Balance - End of Year	\$8,021,814	\$9,291,614	\$10,445,046	\$1,153,432

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2016

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2016.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

St. Bernard-Elmwood Place City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2016

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,740,690
Revenue Accruals	560,485
Expenditure Accruals	(328,542)
Transfer (Out)	243,168
Advances In	460,510
Advances (Out)	(18,237)
Encumbrances	(14,804)
Funds Budgeted Elsewhere	<u>19</u>
Budget Basis	<u><u>\$2,643,289</u></u>

This Space Intentionally Left Blank

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	N/A	10.553	\$ 86,238
National School Lunch Program	N/A	10.555	<u>383,224</u>
Cash Assistance			469,462
Non-Cash Assistance (Food Distribution)	N/A	10.555	<u>36,244</u>
Total Child Nutrition Cluster			<u>505,706</u>
Healthy Cuisine for Kids	2016	10.574	<u>1,200</u>
Total U.S. Department of Agriculture			<u>506,906</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	2016	84.010	602,534
Title I Grants to Local Educational Agencies	2015	84.010	<u>62,568</u>
Total Title I Grants to Local Educational Agencies			<u>665,102</u>
Special Education Cluster (IDEA):			
Special Education Grants to States	2016	84.027	401,125
Special Education Grants to States	2015	84.027	<u>23,380</u>
Total Special Education Grants to States			<u>424,505</u>
Special Education Preschool Grant	2016	84.173	<u>5,815</u>
Total Special Education Preschool Grant			<u>5,815</u>
Total Special Education Cluster (IDEA):			<u>430,320</u>
English Language Acquisition State Grants	2016	84.365	506
English Language Acquisition State Grants	2015	84.365	<u>4,973</u>
Total English Language Acquisition State Grants			<u>5,479</u>
Title II-A Improving Teacher Quality State Grants	2016	84.367	<u>46,427</u>
Total Title II-A Improving Teacher Quality State Grants			<u>46,427</u>
Total – U.S. Department of Education			<u>1,147,328</u>
Total Federal Financial Assistance			<u>\$ 1,654,234</u>

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

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

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of St. Bernard-Elmwood Place City School District, Hamilton County, Ohio (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 comingles 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

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



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

December 31, 2016

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **St. Bernard-Elmwood Place City School District**, Hamilton County (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 31, 2016.

Internal Control Over Financial Reporting

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

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

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



... "bringing more to the table"
Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

We noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 31, 2016.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

December 31, 2016

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited **St. Bernard-Elmwood Place City School District's** (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect St. Bernard-Elmwood Place City School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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



... "bringing more to the table"

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



Auditor's Responsibility (Continued)

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

Opinion on the Major Federal Program

In our opinion, St. Bernard-Elmwood Place City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (IDEA): Special Education Grants to States (IDEA Part B) – CFDA #84.027 and Special Education Preschool Grant – CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

ST. BERNARD-ELMWOOD PLACE LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2017**