



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
 BELMONT COUNTY
 JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Schoolwide Pool Fund.....	20
Statement of Fiduciary Net Position - Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	22
Notes to the Basic Financial Statements.....	23
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio	57
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	58
Schedule of School District Contributions – School Employees Retirement System of Ohio	60
Schedule of School District Contributions – State Teachers Retirement System of Ohio.....	62
Notes to Required Supplementary Information	65

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2017**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Prepared by Management (Continued):	
Schedule of Expenditures of Federal Awards	67
Notes to the Schedule of Expenditures of Federal Award	68
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	69
Independent Auditor's Report on Compliance with Requirements Applicable to The Major Federal Program and on Internal Control over Compliance Required by Uniform Guidance.....	71
Schedule of Findings	75
Prepared by Management:	
Summary Schedule of Prior Audit Finding	78
Corrective Action Plan	79



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 14, 2018

This page intentionally left blank.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

The discussion and analysis of the Barnesville Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2017 are as follows:

- Net position of governmental activities increased \$1,085,081.
- General revenues accounted for \$12,435,827 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,063,089 or 25 percent of total revenues of \$16,498,916.
- Total assets of governmental activities increased \$1,118,607, primarily due to increases in cash and cash equivalents, and increases in capital assets.
- The School District had \$15,413,835 in expenses related to governmental activities; only \$4,063,089 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues of \$12,435,827 were adequate to provide for these programs.
- Governmental funds had total revenues in the amount of \$16,423,979 and \$15,956,007 in expenditures. Overall, including other financing sources and uses, the fund balance of total Governmental funds increased \$562,222.

Using this Annual Financial Report

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Table 1
Net Position
Governmental Activities

	2017	2016	Change
Assets			
Current and Other Assets	\$14,198,515	\$13,282,020	\$916,495
Capital Assets	13,887,717	13,685,605	202,112
Total Assets	28,086,232	26,967,625	1,118,607
Deferred Outflow of Resources			
Pension	3,451,827	1,608,142	1,843,685
Liabilities			
Current and Other Liabilities	1,726,871	1,434,582	292,289
Long-Term Liabilities:			
Due Within One Year	377,417	381,835	(4,418)
Due in More Than One Year:			
Net Pension Liability	19,224,386	15,838,012	3,386,374
Other Amounts	1,720,224	2,559,451	(839,227)
Total Liabilities	23,048,898	20,213,880	2,835,018
Deferred Inflows of Resources			
Deferred Charge on Refunding	13,954	0	13,954
Property Taxes	5,110,445	5,140,933	(30,488)
Pension	222,643	1,163,916	(941,273)
Total Deferred Inflows of Resources	5,347,042	6,304,849	(957,807)
Net Position			
Net Investment in Capital Assets	12,835,153	11,696,185	1,138,968
Restricted	699,553	1,326,648	(627,095)
Unrestricted (Deficit)	(10,392,587)	(10,965,795)	573,208
Total Net Position	\$3,142,119	\$2,057,038	\$1,085,081

The net pension liability is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

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

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

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

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

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

In total, assets increased \$1,118,607. Current and other assets increased \$916,495, primarily due to increases in cash and cash equivalents. The increase in cash and cash equivalents is due primarily to increases in property tax revenue, related to increases in assessed valuation and severance taxes on natural gas extraction, continuing to exceed increases in expenditures. Capital assets increased in the amount of \$202,112, due to asset additions exceeding annual depreciation.

In total, liabilities increased \$2,835,018. Current and other liabilities increased \$292,289 primarily due to increases in accounts payable for classroom curriculum and educational supplies. The increase in long-term liabilities in the amount of \$2,542,729 was due primarily to increases in Net Pension Liability which represent the School District's proportionate share of the respective pension systems' unfunded benefits. The increase in Net Pension Liability was offset by the School District retiring the 2007 School Improvement Bonds through the issuance of refunding bonds, as well the use of accumulated resources.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 2 shows the changes in net position for the fiscal year 2017 compared to fiscal year 2016.

Table 2			
Changes in Net Position			
Governmental Activities			
	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	\$1,967,712	\$1,774,307	\$193,405
Operating Grants and Contributions	1,894,119	1,979,128	(85,009)
Capital Grants and Contributions	201,258	0	201,258
Total Program Revenues	4,063,089	3,753,435	309,654
General Revenues			
Property Taxes	5,977,210	5,078,915	898,295
Grants and Entitlements not Restricted to Specific Programs	6,235,953	6,089,297	146,656
Others	222,664	289,734	(67,070)
Total General Revenues	12,435,827	11,457,946	977,881
Total Revenues	16,498,916	15,211,381	1,287,535
Program Expenses			
Instruction			
Regular	7,222,022	6,910,866	311,156
Special	1,643,513	1,635,717	7,796
Vocational	46,918	118,055	(71,137)
Student Intervention Services	66,048	52,792	13,256
Support Services			
Pupil	965,821	1,113,258	(147,437)
Instructional Staff	736,392	541,930	194,462
Board of Education	77,888	40,673	37,215
Administration	806,172	848,829	(42,657)
Fiscal	498,760	517,820	(19,060)
Business	29,571	62,546	(32,975)
Operation and Maintenance of Plant	1,498,035	1,378,132	119,903
Pupil Transportation	782,178	566,647	215,531
Central	4,355	4,098	257
Operation of Non-Instructional Services	13,342	11,330	2,012
Food Service Operations	582,917	530,315	52,602
Extracurricular Activities	368,146	290,006	78,140
Interest and Fiscal Charges	71,757	108,021	(36,264)
Total Expenses	15,413,835	14,731,035	682,800
Increase in Net Position	1,085,081	480,346	604,735
Net Position Beginning of Year	2,057,038	1,576,692	480,346
Net Position End of Year	\$3,142,119	\$2,057,038	\$1,085,081

Barnesville Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

In 2017, 36 percent of the School District's revenues were from property taxes and 38 percent were from unrestricted grants and entitlements. The School District experienced a slight decrease in operating grants and contributions from fiscal year 2016 due to decreased State and Federal funding. Increases in capital grants and contributions were due to an Ohio Clean Diesel Grant award which was used for complete modernization of the bus fleet. The increase in charges for services was primarily due to an increase in tuition and fees.

Instructional programs comprise approximately 58 percent of total governmental program expenses. Of the instructional expenses, approximately 81 percent is for regular instruction, 18 percent for special instruction, and vocational, and student intervention services account for the remaining 1 percent. Instructional program expenses increased \$261,071. Total expenses increased \$682,800 due primarily to staff salary raises, and increases in spending on educational materials as the School District improves curriculum.

The Statement of Activities shows the cost of program services and the charges for services, and operating grants and contributions, and capital grants and contributions. Table 3 shows the total cost of services and the net cost of services for fiscal year 2017 compared to fiscal year 2016. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction:				
Regular	\$7,222,022	\$6,910,866	\$5,224,335	\$5,000,272
Special	1,643,513	1,635,717	762,428	726,304
Vocational	46,918	118,055	(14,542)	62,002
Student Intervention Services	66,048	52,792	7,477	(46,531)
Support Services:				
Pupil	965,821	1,113,258	952,912	1,101,999
Instructional Staff	736,392	541,930	700,594	475,094
Board of Education	77,888	40,673	77,888	40,673
Administration	806,172	848,829	788,791	829,152
Fiscal	498,760	517,820	475,986	491,344
Business	29,571	62,546	29,571	62,546
Operation and Maintenance of Plant	1,498,035	1,378,132	1,459,930	1,339,893
Pupil Transportation	782,178	566,647	564,093	560,497
Central	4,355	4,098	4,355	4,098
Operation of Non-Instructional Service	13,342	11,330	4,537	(255)
Food Service Operations	582,917	530,315	102,226	119,107
Extracurricular Activities	368,146	290,006	138,408	103,384
Interest and Fiscal Charges	71,757	108,021	71,757	108,021
Total Expenses	\$15,413,835	\$14,731,035	\$11,350,746	\$10,977,600

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 74 percent of expenses are supported through taxes and other general revenues.

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had \$14,146,516 in revenues and \$10,959,543 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$838,440. For fiscal year 2017, the General Fund realized increases in property tax revenue which exceeded increases in overall expenditures. The Schoolwide Pool Fund had \$351,054 in revenues and \$2,269,587 in expenditures. Overall, including other financing sources, the Schoolwide Pool Fund had no change in fund balance.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no changes between original and final estimated revenues. Actual revenue exceeded final estimates, most significantly property taxes and intergovernmental revenue. Final appropriations represent an overall significant increase over the original budget, predominantly instructional expenditures. The actual results of operations were less than final budget in total.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$13,887,717 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2017, the School District had \$1,292,398 in outstanding bonds including premiums, and accretion. In addition, the School District had \$75,949 in outstanding capital leases. See Note 15 for more information on the School District's long-term obligations, which also includes long-term intergovernmental payable, compensated absences, and the net pension liability.

Economic Factors

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

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

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

Contacting the School District's Financial Management

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

Barnesville Exempted Village School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,266,691
Intergovernmental Receivable	445,370
Prepaid Items	24,835
Materials and Supplies Inventory	21,535
Property Taxes Receivable	5,440,084
Non-Depreciable Capital Assets	293,412
Depreciable Capital Assets, Net	13,594,305
<i>Total Assets</i>	28,086,232
Deferred Outflows of Resources	
Pension	3,451,827
Liabilities	
Accounts Payable	482,199
Accrued Wages and Benefits Payable	914,323
Intergovernmental Payable	243,655
Matured Severance Payable	3,730
Accrued Interest Payable	2,887
Vacation Benefits Payable	80,077
Long-Term Liabilities:	
Due Within One Year	377,417
Due In More Than One Year:	
Net Pension Liability (See Note 11)	19,224,386
Other Amounts	1,720,224
<i>Total Liabilities</i>	23,048,898
Deferred Inflows of Resources	
Deferred Charge on Refunding	13,954
Property Taxes	5,110,445
Pension	222,643
<i>Total Deferred Inflows of Resources</i>	5,347,042
Net Position	
Net Investment in Capital Assets	12,835,153
Restricted for:	
Debt Service	321,942
Building Maintenance	109,770
Food Service Operation	15,378
Federal Programs	114,555
State Programs	5,130
Local Programs	132,778
Unrestricted (Deficit)	(10,392,587)
<i>Total Net Position</i>	\$3,142,119

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$7,222,022	\$1,500,764	\$496,923	\$0	(\$5,224,335)
Special	1,643,513	55,076	826,009	0	(762,428)
Vocational	46,918	61,460	0	0	14,542
Student Intervention Services	66,048	0	58,571	0	(7,477)
Support Services:					
Pupil	965,821	0	12,909	0	(952,912)
Instructional Staff	736,392	0	35,798	0	(700,594)
Board of Education	77,888	0	0	0	(77,888)
Administration	806,172	0	17,381	0	(788,791)
Fiscal	498,760	0	22,774	0	(475,986)
Business	29,571	0	0	0	(29,571)
Operation and Maintenance of Plant	1,498,035	0	38,105	0	(1,459,930)
Pupil Transportation	782,178	0	16,827	201,258	(564,093)
Central	4,355	0	0	0	(4,355)
Operation of Non-Instructional Services	13,342	0	8,805	0	(4,537)
Food Service Operations	582,917	120,674	360,017	0	(102,226)
Extracurricular Activities	368,146	229,738	0	0	(138,408)
Interest and Fiscal Charges	71,757	0	0	0	(71,757)
<i>Total Primary Government</i>	<u>\$15,413,835</u>	<u>\$1,967,712</u>	<u>\$1,894,119</u>	<u>\$201,258</u>	<u>(11,350,746)</u>
General Revenues					
Property Taxes Levied for General Purposes					5,614,643
Property Taxes Levied for Building Maintenance					88,750
Property Taxes Levied for Debt Service					273,817
Grants and Entitlements not Restricted to Specific Programs					6,235,953
Gifts and Donations					15,764
Investment Earnings					54,404
Miscellaneous					152,496
<i>Total General Revenues</i>					<u>12,435,827</u>
<i>Change in Net Position</i>					1,085,081
<i>Net Position Beginning of Year</i>					<u>2,057,038</u>
<i>Net Position End of Year</i>					<u><u>\$3,142,119</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,022,865	\$15,757	\$1,228,069	\$8,266,691
Receivables:				
Property Taxes	5,057,428	0	382,656	5,440,084
Intergovernmental	143,744	0	301,626	445,370
Interfund	71,922	337,034	0	408,956
Prepaid Items	24,835	0	0	24,835
Materials and Supplies Inventory	15,250	0	6,285	21,535
<i>Total Assets</i>	<u>\$12,336,044</u>	<u>\$352,791</u>	<u>\$1,918,636</u>	<u>\$14,607,471</u>
Liabilities				
Accounts Payable	\$467,614	\$0	\$14,585	\$482,199
Accrued Wages and Benefits	524,654	309,299	80,370	914,323
Matured Severance Payable	3,730	0	0	3,730
Interfund Payable	314,339	0	94,617	408,956
Intergovernmental Payable	184,651	43,492	15,512	243,655
<i>Total Liabilities</i>	<u>1,494,988</u>	<u>352,791</u>	<u>205,084</u>	<u>2,052,863</u>
Deferred Inflows of Resources				
Property Taxes	4,750,163	0	360,282	5,110,445
Unavailable Revenue	194,412	0	152,046	346,458
<i>Total Deferred Inflows of Resources</i>	<u>4,944,575</u>	<u>0</u>	<u>512,328</u>	<u>5,456,903</u>
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	15,250	0	6,285	21,535
Prepaid Items	24,835	0	0	24,835
Restricted for:				
Capital Projects	0	0	4,124	4,124
Debt Service	0	0	320,247	320,247
Building Maintenance	0	0	108,498	108,498
Food Service Operation	0	0	9,093	9,093
Local Programs	0	0	132,778	132,778
Committed to:				
Capital Projects	0	0	646,706	646,706
Assigned to:				
Purchases on Order	579,107	0	0	579,107
Unassigned (Deficit)	5,277,289	0	(26,507)	5,250,782
<i>Total Fund Balances</i>	<u>5,896,481</u>	<u>0</u>	<u>1,201,224</u>	<u>7,097,705</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$12,336,044</u>	<u>\$352,791</u>	<u>\$1,918,636</u>	<u>\$14,607,471</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2017*

Total Governmental Fund Balances \$7,097,705

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 13,887,717

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

Intergovernmental	146,192
Tuition and Fees	116,536
Property Taxes	83,730

Total 346,458

Vacation Benefits Payable is recognized for earned
vacation benefits that are not expected to be paid with expendable
available financial resources and therefore are not reported in the funds. (80,077)

The unamortized portion of the difference on refunding represents deferred
charges on refunding, which are not reported in the funds. (13,954)

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

General Obligation Bonds	830,000
Capital Appreciation Bonds	94,999
Bond Premium	37,662
Accrued Interest Payable	2,887
Intergovernmental Payable	15,000
Capital Leases	75,949
Compensated Absences	714,294
Capital Appreciation Bonds Accretion	329,737

Total (2,100,528)

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in the governmental funds:

Deferred Outflows - Pension	3,451,827
Net Pension Liability	(19,224,386)
Deferred Inflows - Pension	(222,643)

Total (15,995,202)

Net Position of Governmental Activities \$3,142,119

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$5,615,428	\$0	\$362,513	\$5,977,941
Intergovernmental	6,736,213	351,054	1,232,166	8,319,433
Interest	40,982	0	13,422	54,404
Tuition and Fees	1,537,554	0	0	1,537,554
Extracurricular Activities	66,922	0	162,816	229,738
Rent	8,400	0	0	8,400
Gifts and Donations	13,432	0	2,332	15,764
Charges for Services	7,575	0	120,674	128,249
Miscellaneous	120,010	0	32,486	152,496
<i>Total Revenues</i>	<u>14,146,516</u>	<u>351,054</u>	<u>1,926,409</u>	<u>16,423,979</u>
Expenditures				
Current:				
Instruction:				
Regular	4,456,331	1,725,464	250,347	6,432,142
Special	916,844	312,578	263,674	1,493,096
Vocational	42,062	0	0	42,062
Student Intervention Services	375	0	63,348	63,723
Support Services:				
Pupil	808,768	83,456	1,000	893,224
Instructional Staff	646,364	36,339	29,369	712,072
Board of Education	72,455	0	0	72,455
Administration	582,913	111,588	117	694,618
Fiscal	466,530	0	8,429	474,959
Business	39,875	0	0	39,875
Operation and Maintenance of Plant	1,309,627	0	177,169	1,486,796
Pupil Transportation	1,149,674	162	207,270	1,357,106
Central	4,355	0	0	4,355
Operation of Non-Instructional Services	40	0	9,590	9,630
Food Service Operations	0	0	528,280	528,280
Extracurricular Activities	174,712	0	190,400	365,112
Capital Outlay	199,709	0	38,479	238,188
Debt Service:				
Principal Retirement	79,270	0	230,000	309,270
Interest and Fiscal Charges	9,639	0	9,405	19,044
Issuance Costs	0	0	24,250	24,250
Payment to Refunded Bond Escrow Agent	0	0	695,750	695,750
<i>Total Expenditures</i>	<u>10,959,543</u>	<u>2,269,587</u>	<u>2,726,877</u>	<u>15,956,007</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,186,973</u>	<u>(1,918,533)</u>	<u>(800,468)</u>	<u>467,972</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	0	0	425,000	425,000
Payment to Refunded Bond Escrow Agent	0	0	(400,750)	(400,750)
Inception of Capital Lease	70,000	0	0	70,000
Transfers In	0	1,918,533	500,000	2,418,533
Transfers Out	(2,418,533)	0	0	(2,418,533)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,348,533)</u>	<u>1,918,533</u>	<u>524,250</u>	<u>94,250</u>
<i>Net Change in Fund Balances</i>	838,440	0	(276,218)	562,222
<i>Fund Balances Beginning of Year</i>	<u>5,058,041</u>	<u>0</u>	<u>1,477,442</u>	<u>6,535,483</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,896,481</u></u>	<u><u>\$0</u></u>	<u><u>\$1,201,224</u></u>	<u><u>\$7,097,705</u></u>

See accompanying notes to the basic financial statements:

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds \$562,222

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

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

Capital Asset Additions	1,088,123	
Current Year Depreciation	(886,011)	
Total		202,112

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

Intergovernmental	11,897	
Property Taxes	(731)	
Tuition and Fees	63,771	
Total		74,937

Issuance of debt is reported as other financing sources in the governmental funds, but the issuance increases long-term liabilities on the Statement of Net Position.

Refunding Bonds	(425,000)	
Deferred Charge on Refunding	(16,280)	
Capital Leases	(70,000)	
Total		(511,280)

Payment to the refunded bond escrow agent is reported in the governmental funds, but the payment reduces long-term liabilities on the Statement of Net Position.

1,075,000

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

General Obligation Bonds	275,000	
Capital Leases	34,270	
Total		309,270

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

Accretion of Interest	(57,108)	
Accrued Interest	2,069	
Total		(55,039)

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

37,780

The refunding difference is allocated as a reduction of expense in the Statement of Activities over the life of the bonds.

2,326

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

Intergovernmental Payable	5,000	
Vacation Benefits Payable	15,466	
Compensated Absences Payable	(31,297)	
Total		(10,831)

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

888,725

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

(1,490,141)

Changes in Net Position of Governmental Activities

\$1,085,081

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$5,134,691	\$5,134,691	\$5,559,222	\$424,531
Intergovernmental	6,115,842	6,115,842	6,709,005	593,163
Interest	98,115	98,115	83,861	(14,254)
Tuition and Fees	1,471,727	1,471,727	1,590,319	118,592
Extracurricular Activities	65,410	65,410	66,922	1,512
Rent	0	0	8,400	8,400
Gifts and Donations	0	0	13,432	13,432
Charges for Services	0	0	7,575	7,575
Miscellaneous	196,230	196,230	120,010	(76,220)
<i>Total Revenues</i>	<u>13,082,015</u>	<u>13,082,015</u>	<u>14,158,746</u>	<u>1,076,731</u>
Expenditures				
Current:				
Instruction:				
Regular	8,356,335	9,752,993	4,598,179	5,154,814
Special	419,150	450,492	920,632	(470,140)
Vocational	89,280	89,280	53,672	35,608
Student Intervention Services	5,856	5,856	375	5,481
Support Services:				
Pupil	514,550	516,650	845,937	(329,287)
Instructional Staff	281,093	281,093	720,202	(439,109)
Board of Education	23,676	23,676	84,019	(60,343)
Administration	280,489	280,489	585,408	(304,919)
Fiscal	245,371	245,371	469,565	(224,194)
Business	23,909	25,909	58,001	(32,092)
Operation and Maintenance of Plant	703,467	703,467	1,776,453	(1,072,986)
Pupil Transportation	382,832	382,832	1,166,333	(783,501)
Central	4,329	4,329	4,229	100
Extracurricular Activities	60,644	60,644	121,073	(60,429)
Capital Outlay	242,872	242,872	206,669	36,203
Debt Service:				
Principal Retirement	22,500	22,500	45,000	(22,500)
Interest and Fiscal Charges	4,371	4,371	7,909	(3,538)
<i>Total Expenditures</i>	<u>11,660,724</u>	<u>13,092,824</u>	<u>11,663,656</u>	<u>1,429,168</u>
Excess of Revenues Over (Under) Expenditures	1,421,291	(10,809)	2,495,090	2,505,899
Other Financing Uses				
Transfers Out	<u>(1,025,116)</u>	<u>(1,025,116)</u>	<u>(2,406,128)</u>	<u>(1,381,012)</u>
<i>Net Change in Fund Balance</i>	396,175	(1,035,925)	88,962	1,124,887
<i>Fund Balance Beginning of Year</i>	5,433,472	5,433,472	5,433,472	0
Prior Year Encumbrances Appropriated	<u>551,431</u>	<u>551,431</u>	<u>551,431</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,381,078</u>	<u>\$4,948,978</u>	<u>\$6,073,865</u>	<u>\$1,124,887</u>

See accompanying notes to the basic financial statement:

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	2,193,000	2,193,000	1,701,383	491,617
Special	207,203	207,203	326,512	(119,309)
Support Services:				
Pupil	30,597	30,597	83,916	(53,319)
Instructional Staff	17,257	17,257	35,992	(18,735)
Administration	51,943	51,943	111,781	(59,838)
<i>Total Expenditures</i>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,259,584</u>	<u>240,416</u>
Excess of Revenues Under Expenditures	(2,500,000)	(2,500,000)	(2,259,584)	240,416
Other Financing Sources				
Transfers In	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,275,341</u>	<u>(224,659)</u>
<i>Net Change in Fund Balance</i>	0	0	15,757	15,757
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$15,757</u></u>	<u><u>\$15,757</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	<u>Private Purpose Trust Fund</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$272,390</u>	<u>\$63,606</u>
<i>Total Assets</i>	<u>272,390</u>	<u><u>\$63,606</u></u>
Liabilities		
Due to Students	<u>0</u>	<u>\$63,606</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$63,606</u></u>
Net Assets		
Held in Trust for Scholarships	<u>272,390</u>	
<i>Total Net Position</i>	<u><u>\$272,390</u></u>	

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Fund
Additions	
Interest	\$3,435
Contributions and Donations	3,951
Total Additions	7,386
Deductions	
Payments in Accordance with Trust Agreements	9,500
<i>Change in Net Position</i>	(2,114)
<i>Net Position Beginning of Year</i>	274,504
<i>Net Position End of Year</i>	\$272,390

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 3 instructional/support facilities staffed by 48 non-certified employees, 83 certificated personnel and 10 administrative employees providing services to 1,364 students.

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

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

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component unit.

The following activity is included within the reporting entity:

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

The School District is involved with six organizations, four of which are defined as jointly governed organizations, one of which is defined as an insurance purchasing pool, and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Rural and Appalachian Schools (CORAS), the Metropolitan Educational Council (MEC), the Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

C. Measurement Focus

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

D. Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, deferred charges on refunding, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and tuition and fees. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. These amounts are deferred and recognized

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 11).

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2017, investments were limited to money market mutual funds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, negotiable certificates of deposit, and commercial paper. The money market mutual fund is measured at net asset value per share, and the remaining investments are reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$40,982, \$430 of which was assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

H. Inventory

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

I. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

J. Interfund Balances

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

K. Compensated Absences

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

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

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

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

N. Internal Activity

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

O. Fund Balance

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

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

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions). Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned,

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Net Position

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

S. Budgetary Data

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2017, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures". GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements. However, the School District had no abatements that met the GASB 77 definition.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balance

	General	Schoolwide Pool
GAAP Basis	\$838,440	\$0
Revenue Accruals	(68,474)	(351,054)
Transfers In	0	356,808
Transfers Out	12,405	0
Expenditure Accruals	268,403	10,003
Unrecorded Cash	(7,678)	0
Inception of Capital Lease	70,000	0
Investment Market Value Adjustment	18,382	0
Encumbrances	(1,042,516)	0
Budget Basis	<u>\$88,962</u>	<u>\$15,757</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$2,458,919. Of the bank balance \$267,891 was covered by Federal Deposit Insurance Corporation and the remaining balance of \$2,191,028 was covered by pooled collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

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

Investments

Investments are reported at fair value. As of June 30, 2017, the School District had the following investments:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Measurement/Investment	Measurement Amount	Maturity	Standard and Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
Money Market Mutual Fund	\$13,801	N/A	N/A	0.22%
Fair Value - Level Two Inputs:				
Federal National Mortgage Association Notes	248,847	Less than three years	AA+	4.04%
Federal National Mortgage Association Notes	740,575	Less than five years	AA+	12.02%
Federal Home Loan Mortgage Corporation Notes	492,640	Less than three years	AA+	8.00%
Federal Home Loan Mortgage Corporation Notes	1,271,139	Less than five years	AA+	20.63%
Negotiable CD	248,216	Less than one year	N/A	4.03%
Negotiable CD	1,629,647	Less than three years	N/A	26.45%
Negotiable CD	248,022	Less than five years	N/A	4.03%
Commercial Paper	1,268,070	Less than one year	N/A	20.58%
Total Fair Value - Level Two Inputs	6,147,156			
Total Investments	\$6,160,957			100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2017.

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

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State Statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2017 was \$229,389 in the General Fund, \$12,616 in the Debt Service Fund, and \$3,904 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2016 was \$173,183 in the General Fund, \$10,055 in the Debt Service Fund, and \$2,829 in the Classroom Facilities Maintenance Special Revenue Fund.

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

The assessed values upon which the fiscal year 2017 taxes were collected are:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$181,759,540	83.92%	\$200,616,680	84.30%
Public Utility Personal	34,823,330	16.08%	37,358,310	15.70%
	<u>\$216,582,870</u>	<u>100.00%</u>	<u>\$237,974,990</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$40.75		\$40.75

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017, consisted of property taxes, interfund, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$83,730 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Breakfast Grant	\$20,000
Early Childhood Education	44,621
Title I Grant	110,901
IDEA B Grant	115,004
Title II-A Improving Teacher Quality Grant	11,100
Workers Compensation Rebate	27,208
Excess Costs from Other Districts	116,536
Total	<u>\$445,370</u>

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2017, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	
General Fund	\$0	\$314,339	\$314,339
Other Governmental Funds	71,922	22,695	94,617
Totals	<u>\$71,922</u>	<u>\$337,034</u>	<u>\$408,956</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to the Other Governmental Funds were used to cover actual cash deficits until grant monies are received to operate the programs. The cash deficits were covered by cash and cash equivalents from the General Fund.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2017 consisted of the following:

Transfer to	Transfer from General
Schoolwide Pool Fund	\$1,918,533
Other Governmental Funds	500,000
 Total Transfers	 <u>\$2,418,533</u>

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program. Transfers from the General Fund to Other Governmental Funds were made to provide resources to the Capital Projects Fund.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Nondepreciable Capital Assets:				
Land	\$293,412	\$0	\$0	\$293,412
Construction in Process	23,760	0	(23,760)	0
Total Nondepreciable Capital Assets	317,172	0	(23,760)	293,412
Depreciable Capital Assets:				
Land Improvements	1,459,960	148,951	0	1,608,911
Buildings and Improvements	25,915,463	18,000	0	25,933,463
Furniture and Equipment	808,058	137,474	0	945,532
Vehicles	961,360	807,458	(265,327)	1,503,491
Total Depreciable Capital Assets	29,144,841	1,111,883	(265,327)	29,991,397
Accumulated Depreciation:				
Land Improvements	(816,233)	(62,203)	0	(878,436)
Buildings and Improvements	(13,890,837)	(700,776)	0	(14,591,613)
Furniture and Equipment	(409,395)	(65,671)	0	(475,066)
Vehicles	(659,943)	(57,361)	265,327	(451,977)
Total Accumulated Depreciation	(15,776,408)	(886,011)	265,327	(16,397,092)
Total Depreciable Capital Assets, Net	13,368,433	225,872	0	13,594,305
Governmental Capital Assets, Net	\$13,685,605	\$225,872	(\$23,760)	\$13,887,717

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$448,147
Special	56,044
Vocational	18,441
Support Services:	
Pupils	31,643
Instructional Staff	23,501
Administration	56,403
Fiscal	18,441
Business	5,432
Operation of Maintenance and Plant	121,903
Pupil Transportation	44,874
Extracurricular	18,152
Food Service Operations	43,030
Total Depreciation Expense	<u>\$886,011</u>

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017 the School District contracted with Liberty Mutual Insurance for property and inland marine coverage, general liability, and fleet insurance coverage. A summary of coverages is as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$233,634 for fiscal year 2017. Of this amount \$27,010 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$655,091 for fiscal year 2017. Of this amount, \$91,566 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05303920%	0.04635636%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.05247520%</u>	<u>0.04595847%</u>	
Change in Proportionate Share	<u>-0.00056400%</u>	<u>-0.00039789%</u>	
Proportionate Share of the Net			
Pension Liability	\$3,840,701	\$15,383,685	\$19,224,386
Pension Expense	\$408,847	\$1,081,294	\$1,490,141

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$51,803	\$621,575	\$673,378
Changes of assumptions	256,388	0	256,388
Net difference between projected and actual earnings on pension plan investments	316,802	1,277,259	1,594,061
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	39,275	0	39,275
School District contributions subsequent to the measurement date	<u>233,634</u>	<u>655,091</u>	<u>888,725</u>
Total Deferred Outflows of Resources	<u>\$897,902</u>	<u>\$2,553,925</u>	<u>\$3,451,827</u>
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>\$24,559</u>	<u>\$198,084</u>	<u>\$222,643</u>
Total Deferred Inflows of Resources	<u>\$24,559</u>	<u>\$198,084</u>	<u>\$222,643</u>

\$888,725 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. 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:			
2018	\$165,804	\$242,231	\$408,035
2019	165,577	242,231	407,808
2020	217,259	732,352	949,611
2021	<u>91,069</u>	<u>483,936</u>	<u>575,005</u>
Total	<u>\$639,709</u>	<u>\$1,700,750</u>	<u>\$2,340,459</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.50 percent to 18.20 percent 3 percent	4.00 percent to 22.00 percent 3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 (7.50 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$5,084,848	\$3,840,700	\$2,799,297

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

* Ten year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. 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, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$20,443,668	\$15,383,685	\$11,115,292

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2017, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12- POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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 pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. 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 2017, the School District's surcharge obligation was \$15,969.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$15,969, \$27,477, and \$13,093, respectively. The full amount is reported as an intergovernmental payable for fiscal year 2017. The full amount has been contributed for fiscal years 2016 and 2015.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Other Insurance Benefits

The School District provides medical/prescription drug and vision benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$563.86 single and \$1,409.61 family for medical/prescription drug and vision. The School District provides dental coverage from Coresource. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for dental coverage is \$36.76 single and \$84.75 family. Life and accidental death and dismemberment insurance is provided through Assurant in the amount of \$30,000 per employee at a total monthly premium of \$3.00, of which the Board pays 100 percent.

NOTE 14 - COMMITMENTS

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

General	\$1,042,516
Other Non-Major Governmental Funds	91,363
Total	<u>\$1,133,879</u>

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Principal Outstanding 6/30/16	Additions	Deductions	Principal Outstanding 6/30/17	Amounts Due Within One Year
2007 School Improvement					
Refunding Bonds \$1,684,999					
Serial/Term Bonds -					
\$1,590,000 @ 3.85%-4.0%	\$1,305,000	\$0	\$1,305,000	\$0	\$0
Capital Appreciation Bonds -					
\$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	50,431
Premium - \$183,348	75,442	0	37,780	37,662	0
CAB Accretion - \$390,001 @ 14.955%	272,629	57,108	0	329,737	189,569
2009 School Energy Conservation					
Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	450,000	0	45,000	405,000	45,000
2016 School Improvement					
Refunding Bonds \$425,000					
Serial Bonds @ 1.35% - 1.8%	0	425,000	0	425,000	0
Total General Obligation Bonds	<u>2,198,070</u>	<u>482,108</u>	<u>1,387,780</u>	<u>1,292,398</u>	<u>285,000</u>
Net Pension Liability:					
SERS	3,026,469	814,232	0	3,840,701	0
STRS	12,811,543	2,572,142	0	15,383,685	0
Total Net Pension Liability	<u>15,838,012</u>	<u>3,386,374</u>	<u>0</u>	<u>19,224,386</u>	<u>0</u>
Intergovernmental Payable	20,000	0	5,000	15,000	5,000
Capital Leases	40,219	70,000	34,270	75,949	16,923
Compensated Absences	682,997	99,708	68,411	714,294	70,494
Total General Long-Term Obligations	<u>\$18,779,298</u>	<u>\$4,038,190</u>	<u>\$1,495,461</u>	<u>\$21,322,027</u>	<u>\$377,417</u>

2007 School Improvement Refunding General Obligation Bonds – On February 7, 2007, Barnesville Exempted Village School District issued \$1,684,999 of general obligation bonds. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. All of the original 2000 bonds that were refunded through the 2007 refunding bond issue were subsequently called and fully repaid through the trust account. In connection

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

with the passage of the original 2000 bond issue, the School District also passed a half-mill levy for the maintenance of the new building.

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

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000. The 2017 accretion was recorded in the amount of \$57,108, leaving a total bond liability of \$424,736.

The term bonds for this issue were subject to optional and mandatory redemption prior to maturity, and were refunded during 2017 through the issuance of the 2016 School Improvement and Refunding Bonds in the amount of \$425,000, as well as the use of current School District resources of \$695,750 (accumulated resources of the debt service fund). All of the \$1,075,000 term bonds that were refunded were called and fully repaid on December 1, 2016. The refunding included an optional call payment of \$21,500, paid from current School District resources.

Principal and interest requirements to retire the remaining unrefunded general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2017 are as follows:

<u>Capital Appreciation Bonds</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Accretion</u>
2018	\$50,431	\$189,569
2019	44,568	200,432
Totals	<u>\$94,999</u>	<u>\$390,001</u>

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

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2017 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending June 30</u>			
2018	\$45,000	\$7,076	\$52,076
2019	50,000	6,198	56,198
2020	50,000	5,272	55,272
2021	50,000	4,347	54,347
2022	50,000	3,423	53,423
2023-2025	160,000	4,533	164,533
Total	<u>\$405,000</u>	<u>\$30,849</u>	<u>\$435,849</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

2016 School Improvement Refunding General Obligation Bonds – On September 13, 2016, Barnesville Exempted Village School District issued \$425,000 of general obligation serial bonds. The bonds were issued to partially refund the 2007 School Improvement Refunding Bonds, as well as pay the cost of issuance of these bonds. The \$425,000 of the 2016 bond issue, along with \$695,750 of current School District resources (accumulated resources of the debt service fund), were used to refund \$1,075,000 of Term Bonds. These refunded Term Bonds were called and fully repaid on December 1, 2016. The 2016 School Improvement Bonds were issued for a 7 year period with final maturity at December 1, 2022. The issue resulted in a refunding difference of \$16,280 that is reported as a deferred inflow on the Statement of Net Position and is amortized in the amount of \$2,326 annually through December 1, 2022. The 2016 School Improvement Refunding Bonds resulted in a debt service savings of \$137,950, and a difference between the net carrying amount of the debt and the acquisition price of \$80,669. The 2016 Bonds are not subject to redemption prior to their stated maturity.

Principal and interest requirements to retire the 2016 School Improvement and Refunding Bonds outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$0	\$6,945	\$6,945
2019	0	6,945	6,945
2020	100,000	6,270	106,270
2021	100,000	4,795	104,795
2022	110,000	3,033	113,033
2023	115,000	1,035	116,035
Total	<u>\$425,000</u>	<u>\$29,023</u>	<u>\$454,023</u>

Long-term Intergovernmental Payable - On December 17, 2015 the Barnesville Exempted Village School District Board of Education signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of Ohio Revised Code. In consideration of the services contained in the addendum the ECOESC will purchase property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agrees to pay ECOESC, the sum of \$5,000 per year for a period of five years, for a total payment of \$25,000. At June 30, 2017 \$15,000 remains outstanding with \$5,000 due within one year.

The School District's overall legal debt margin was \$20,812,997 with an unvoted debt margin of \$237,975 at June 30, 2017.

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

There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General, Schoolwide Pool Special Revenue, and Other Non-Major Governmental funds. For additional information related to the net pension liability see Note 11.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2017 and in prior years, the School District entered into capitalized leases for copying equipment. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by capitalized leases are reported net of accumulated depreciation in the amount of \$68,834. Principal payments in fiscal year 2017 totaled \$34,270, in the governmental funds.

Future minimum lease payments through fiscal year 2023 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$16,923	\$4,478
2019	12,851	3,948
2020	13,838	2,962
2021	14,900	1,900
2022	16,045	755
2023	1,392	8
Total	<u>\$75,949</u>	<u>\$14,051</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments. The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2017, the total amount paid to OME-RESA from the School District was \$40,348 for technology services, financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2017.

Metropolitan Educational Council (MEC) - The Metropolitan Educational Council is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2017 was \$652. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

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

NOTE 18 - PUBLIC ENTITY POOL

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Program, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$700 for policy year 2017 was paid to CompManagement, Inc.

NOTE 19 - RELATED ORGANIZATION

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

NOTE 20 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017*

B. Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

C. Litigation

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

D. Paid up Oil / Gas Lease

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

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	235,142
Offsetting Revenue	(125,770)
Qualifying Expenditures	(207,047)
Total	<u>(\$97,675)</u>
Balance Carried Forward to Fiscal Year 2018	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2017	<u>\$0</u>

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements. The

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

School District also had prior year capital expenditures from bond and note proceeds that may be used to offset future set-aside requirements, if needed.

NOTE 22 - SUBSEQUENT EVENTS

Construction Commitments – On September 14, 2017 the School Board approved a bid for the construction of a bus garage in the amount of \$730,226.

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

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.05247520%	0.05303920%	0.05172700%	0.05172700%
School District's Proportionate Share of the Net Pension Liability	\$3,840,701	\$3,026,469	\$2,617,874	\$3,076,039
School District's Covered Payroll	\$1,629,686	\$1,596,760	\$1,503,074	\$1,419,786
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	235.67%	189.54%	174.17%	216.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

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

See accompanying notes to required supplementary information

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

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.04595847%	0.04635636%	0.04693040%	0.04693040%
School District's Proportionate Share of the Net Pension Liability	\$15,383,685	\$12,811,543	\$11,415,097	\$13,597,589
School District's Covered Payroll	\$4,924,971	\$4,806,564	\$4,821,508	\$4,725,569
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.36%	266.54%	236.75%	287.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

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

See accompanying notes to required supplementary information

This page intentionally left blank.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$233,634	\$228,156	\$210,453	\$208,326	\$196,498
Contributions in Relation to the Contractually Required Contribution	<u>(233,634)</u>	<u>(228,156)</u>	<u>(210,453)</u>	<u>(208,326)</u>	<u>(196,498)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,668,814	\$1,629,686	\$1,596,760	\$1,503,074	\$1,419,786
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to required supplementary information

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$196,976	\$181,334	\$181,138	\$142,163	\$127,279
<u>(196,976)</u>	<u>(181,334)</u>	<u>(181,138)</u>	<u>(142,163)</u>	<u>(127,279)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,464,504	\$1,442,592	\$1,337,798	\$1,444,741	\$1,296,124
13.45%	12.57%	13.54%	9.84%	9.82%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$655,091	\$689,496	\$672,919	\$626,796	\$614,324
Contributions in Relation to the Contractually Required Contribution	<u>(655,091)</u>	<u>(689,496)</u>	<u>(672,919)</u>	<u>(626,796)</u>	<u>(614,324)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$4,679,221	\$4,924,971	\$4,806,564	\$4,821,508	\$4,725,569
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to required supplementary information

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$617,814	\$610,695	\$595,141	\$563,417	\$561,610
<u>(617,814)</u>	<u>(610,695)</u>	<u>(595,141)</u>	<u>(563,417)</u>	<u>(561,610)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,752,415	\$4,697,654	\$4,578,008	\$4,333,977	\$4,320,077
13.00%	13.00%	13.00%	13.00%	13.00%

This page intentionally left blank.

Barnesville Exempted Village School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

This page intentionally left blank.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	N/A	\$37,658
Cash Assistance:			
School Breakfast Program	10.553	2017	103,849
National School Lunch Program	10.555	2017	194,320
Cash Assistance Subtotal			<u>298,169</u>
Total Child Nutrition Cluster			335,827
Breakfast- Team Nutrition Grant	10.574	N/A	20,000
Total U.S. Department of Agriculture			355,827
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2016 2017	40,854 <u>305,003</u>
Total Title I Grants to Local Educational Agencies			345,857
Special Education Cluster (IDEA):			
Special Education, Grants to States (IDEA, Part B)	84.027	2016 2017	39,783 221,519
Special Education Preschool Grants	84.173	2017	<u>10,199</u>
Total Special Education Cluster (IDEA)			271,501
Improving Teacher Quality State Grants	84.367	2016 2017	4,714 <u>61,135</u>
Total Improving Teacher Quality State Grants			65,849
Twenty First Century Community Learning Centers	84.287	2017	<u>100,000</u>
Total U.S. Department of Education			783,207
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Diesel Emissions Reduction Act Grant	66.040	2017	<u>201,258</u>
Total U.S. Environmental Protection Agency			<u>201,258</u>
Total Expenditures of Federal Awards			<u>\$1,340,292</u>

The accompanying notes are an integral part of this schedule.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 14, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 14, 2018



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Barnesville Exempted Village School District's, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in Findings 2017-001 and 2017-002 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2017-001	10.553 & 10.555	Child Nutrition Cluster	Special Tests & Provisions- Verification of Free and Reduced Price Applications
2017-002	10.553 & 10.555	Child Nutrition Cluster	Activities Allowed or Unallowed and Allowable Costs/ Cost Principles

Compliance with these requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to this program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Child Nutrition Cluster* for the year ended June 30, 2017.

The School District's responses to our noncompliance findings are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the School District's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

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

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

A significant deficiency in internal over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying Schedule of Findings as items 2017-001 and 2017-002.

The School District's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State
Columbus, Ohio

March 14, 2018

This page intentionally left blank.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Part 200.516(a)?	Yes
(d)(1)(vii)	Major Program (list): <ul style="list-style-type: none"> • Child Nutrition Cluster – CFDA #10.553 and #10.555 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR Part 200.520?	Yes

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

None.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2017
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2017-001		
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.553 and #10.555		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Agriculture		
Compliance Requirement	Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	Finding Number? (if repeat)	N/A

Noncompliance and Material Weakness

7 CFR Part 245.6a (c)(1) states the local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. In addition, 7 CFR Part 245.6a (f)(7) states that based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Further, 7 CFR Part 245.6 (c)(3)(iii) states that if there are changes resulting from verification or administrative reviews, the local educational agency must change the children’s eligibility status when a change is required as a result of verification activities conducted under §245.6a or as a result of a review conducted in accordance with Part 210.18 of this chapter.

We obtained the School District’s Verification Summary Report (the Report). The Report stated that four free and reduced applications were selected for verification. Of the four applications selected for verification, we noted the following:

- One application was initially determined to be eligible for reduced meals based on the information provided on the application and the "Income Eligibility Guidelines." No documentation was provided to the School District for the income of one household member that was included on the initial application. The income documentation received supported a status of paid lunches. There was no evidence that the eligibility status for the application was changed from reduced to paid in the School District’s system.
- One application was initially determined to be eligible for free meals based on the information provided on the application and the "Income Eligibility Guidelines." The documentation provided by the household indicated that the application should have been changed to reduced rather than free. There was no evidence that the eligibility status for the application was changed from free to reduced in the School District’s system.

As a result of the documentation received, the School District inaccurately reported their verification results.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2017
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

**FINDING NUMBER 2017-001
(Continued)**

Noncompliance and Material Weakness- 7 CFR Part 245.6a (c)(1) (Continued)

The School District should implement control procedures over the verification process to ensure the income documentation provided by the household is properly calculated and necessary modifications are made based on the final eligibility determination.

Official's Response: See Corrective Plan on Page 79.

Finding Number	2017-002		
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.553 and #10.555		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Agriculture		
Compliance Requirement	Activities Allowed or Unallowed Allowable Costs/Cost Principles		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	Finding Number? (if repeat)	N/A

Noncompliance and Material Weakness

2 CFR Part 200.303(a), Subpart D, states that a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

During fiscal year 2017, the Food Service Director did not sign or initial invoices indicating his review of compliance with the federal program on items that were purchased under a super blanket purchase order. The Head Cook or supervisor did not sign invoices or packing slips, noting review and receipt of the items for 33% of disbursements tested for the Child Nutrition Cluster. Failure to properly monitor food service disbursements could result in the expenditure of grant funding for unallowable costs under the Child Nutrition Cluster.

The Food Service Director should take the necessary steps to ensure that all disbursements are reviewed and approved prior to payment to ensure they are in compliance with allowable activities/allowable costs of the Child Nutrition Cluster federal grant.

Official's Response: See Corrective Plan on Page 79.

Barnesville Exempted Village School District

Office of the Treasurer
Telephone: (740) 425-3616
Fax: (740) 425-5000
210 West Church Street
Barnesville, Ohio 43713



SUMMARY SCHEDULE OF PRIOR AUDIT FINDING 2 CFR PART 200.511(b) JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 3318.05(D) Classroom Facilities Maintenance Fund monies posted to the General Fund.	Corrective Action Taken and Finding is Fully Corrected	

Barnesville Exempted Village School District

Office of the Treasurer
Telephone: (740) 425-3616
Fax: (740) 425-5000
210 West Church Street
Barnesville, Ohio 43713



CORRECTIVE ACTION PLAN 2 CFR PART 200.511(c) June 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Food Service Director will review income eligibility guidelines and will provide a detailed review of the calculations after the food service secretary receives income documentation from families.	Immediately	Mark Cook
2017-002	Food Service Director will review reports and/or invoices as evidenced by a signature/initials to ensure expenditures are allowable per the Child Nutrition Cluster federal grant.	Immediately	Mark Cook

This page intentionally left blank.



Dave Yost • Auditor of State

BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2018**