



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

ADAMS COUNTY/OHIO VALLEY LOCAL SCHOOL DISTRICT  
ADAMS COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2014  
Fiscal Year Audited Under GAGAS: 2014





# Dave Yost • Auditor of State

Board of Education  
Adams County/Ohio Valley Local School District  
141 Lloyd Road  
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of the Adams County/Ohio Valley Local School District, Adams County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 13, 2015

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**ADAMS COUNTY/OHIO VALLEY LOCAL SCHOOL DISTRICT  
ADAMS COUNTY**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Adams County/Ohio Valley Local School District  
141 Lloyd Road  
West Union, Ohio 45693

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 Adams County/Ohio Valley Local School District, Adams County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County/Ohio Valley Local School District, Adams County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 19 to the financial statements, during the year ended June 30, 2014, the District adopted the provisions of Governmental Accounting Standard No. 65, Items Previously Reported as Assets and Liabilities. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is 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 December 17, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 17, 2014

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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As management of the Adams County/Ohio Valley School District, we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the financial statements to enhance their understanding of the District's performance.

This discussion and analysis of Adams County/Ohio Valley School District's financial performance is intended to serve as an introduction to the District's basic financial statements, and provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The Adams County/Ohio Valley School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 1999.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Adams County/Ohio Valley School District exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$85,624,748. Net investment in capital assets and net position restricted for specific purposes totaled \$72,593,050, leaving a balance in unrestricted net position of \$13,031,698.
- Net position of governmental activities increased \$3,839,495 which represents a 4% increase from 2013.
- General revenues accounted for \$35,168,613 or 73% of all revenues. Program specific revenues in the form of charges for services and sales and operating and capital grants and contributions accounted for \$12,702,493 or 27% of total revenues of \$47,871,106.
- The District had \$44,031,611 in expenses related to governmental activities; only \$12,702,493 of these expenses were offset by program specific charges for services and sales, operating grants, contributions and interest, and capital grants and contributions.

### **Using the Basic Financial Statements**

This report consists of a series of financial statements and the notes to the basic financial statements. These statements are organized so the reader can understand Adams County/Ohio Valley School District as a whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole, and present 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

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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also look at the District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Adams County/Ohio Valley School District are the General Fund and the Debt Service Fund.

### **Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statements of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net a position and changes in those assets. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

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

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

#### **Fund Financial Statements**

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major funds.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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***Fiduciary Funds*** - The District's fiduciary funds consist of an agency fund and a private purpose trust fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. An agency fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole.

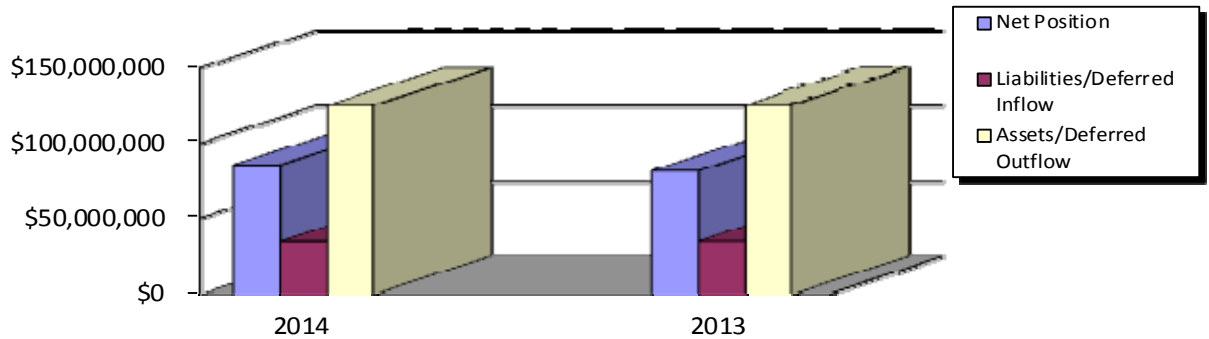
Table 1 provides a summary of the District's net position for fiscal years 2014 and 2013:

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**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

**Table 1**  
**Net Position**

	Governmental Activities	
	2014	2013 Restated
Assets:		
Current and Other Assets	\$33,589,803	\$30,982,017
Capital Assets	91,433,292	94,259,977
<b>Total Assets</b>	<b>125,023,095</b>	<b>125,241,994</b>
Total Deferred Outflows of Resources	1,587,582	0
Liabilities:		
Other Liabilities	3,819,523	3,873,956
Long-Term Liabilities	31,133,857	31,248,192
<b>Total Liabilities</b>	<b>34,953,380</b>	<b>35,122,148</b>
Total Deferred Inflows of Resources	6,032,549	8,334,593
Net Position:		
Net Investment in Capital Assets	63,422,121	64,273,525
Restricted	9,170,929	8,237,584
Unrestricted	13,031,698	9,274,144
<b>Total Net Position</b>	<b>\$85,624,748</b>	<b>\$81,785,253</b>



Net position increased by \$3,839,495 because total assets and deferred outflows increased by \$1,368,683 due to an increase in cash and total liabilities and deferred inflows decreased by \$2,470,812 due to decreases in long-term liabilities and deferred inflows of resources.

Table 2 shows the highlights of the District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, restricted operating grants and contributions and capital grants and contributions. General Revenues include taxes and unrestricted grants, such as State foundation support, gifts and donations, investment earnings and miscellaneous.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues		
Charges for Services and Sales	\$2,114,370	\$2,212,196
Operating Grants and Contributions	10,588,123	8,955,493
Capital Grants and Contributions	0	126,200
General Revenues		
Property Taxes	9,753,805	8,446,325
Grants and Entitlements not Restricted to Specific Programs	25,070,319	24,193,390
Other	344,489	582,093
Total Revenues	<u>47,871,106</u>	<u>44,515,697</u>
Program Expenses		
Instruction	27,681,785	24,503,412
Support Services:		
Pupil and Instructional Staff	2,447,916	4,168,924
School Administrative, General		
Administration, Fiscal and Business	3,993,179	3,880,669
Operations and Maintenance	2,992,846	2,634,384
Pupil Transportation	3,024,782	2,941,031
Central	190,851	268,669
Operation of Non-Instructional Services	1,987,128	1,981,273
Extracurricular Activities	553,355	486,428
Interest and Fiscal Charges	1,159,769	1,153,135
Total Program Expenses	<u>44,031,611</u>	<u>42,017,925</u>
Change in Net Position	3,839,495	2,497,772
Net Position - Beginning of Year, Restated	<u>81,785,253</u>	<u>79,287,481</u>
Net Position - End of Year	<u>\$85,624,748</u>	<u>\$81,785,253</u>

**Governmental Activities**

Grants and entitlements not restricted to specific programs made up 59% of total revenues of the Adams County/Ohio Valley School District for fiscal year 2014, while Property Taxes made up 20%.

Instruction comprises 63% of governmental program expenses. Support services expenses comprise of 29% of governmental expenses. All other expenses make up 8% of governmental expenses. The District had an increase in instructional expenses when compared to 2013 due to slight increases in payroll.

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, contributions and interest offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	\$27,681,785	\$24,503,412	(\$17,827,820)	(\$17,737,120)
Support Services:				
Pupil and Instructional Staff	2,447,916	4,168,924	(2,309,567)	(2,681,024)
School Administrative, General				
Administration, Fiscal and Busines	3,993,179	3,880,669	(3,746,088)	(3,579,840)
Operations and Maintenance	2,992,846	2,634,384	(2,756,794)	(2,437,577)
Pupil Transportation	3,024,782	2,941,031	(2,961,703)	(2,758,446)
Central	190,851	268,669	(190,851)	(268,669)
Operation of Non-Instructional Services	1,987,128	1,981,273	(40,032)	110,331
Extracurricular Activities	553,355	486,428	(336,494)	(218,556)
Interest and Fiscal Charges	1,159,769	1,153,135	(1,159,769)	(1,153,135)
Total Expenses	<u>\$44,031,611</u>	<u>\$42,017,925</u>	<u>(\$31,329,118)</u>	<u>(\$30,724,036)</u>

**The District's Funds**

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of these funds comprised \$25,487,718 (75%) of the total \$33,769,948 governmental funds' assets.

**General Fund:** Fund balance at June 30, 2014 was \$11,382,792 an increase in fund balance of \$3,349,937 from 2013. The primary reason for the increase in fund balance was due to the increase in intergovernmental revenue (grant monies received) in 2014 compared to 2013.

**Debt Service Fund:** Fund balance at June 30, 2014 was \$4,108,530 an increase in fund balance of \$341,829 from 2013. The primary reason for the increase in fund balance was due to an increase in property tax revenue in 2014.

**General Fund - Budget Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2014, the District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

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For the General Fund, final budget basis revenue was \$38,422,994 with original budget estimates of \$37,503,991; the difference was mainly due to underestimates in taxes revenue and intergovernmental revenue. The original budget estimates for expenditures for the District decreased when it is compared to the actual expenditures due to conservative estimates made by the District. The final budget estimated expenditures were \$36,396,489 while the actual expenditures for the District were \$33,555,502, a difference of eight percent.

The District's ending unobligated cash balance of \$12,593,644 was \$1,808,796 above the final budgeted amount in the General Fund.

**Capital Assets and Debt Administration**

***Capital Assets***

The Adams County/Ohio Valley School District's investment in capital assets as of June 30, 2014 was \$91,433,292. This investment in capital assets includes land, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

**Table 4**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

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	Governmental Activities	
	2014	2013
Land	\$1,063,713	\$1,063,713
Land Improvements	9,874	0
Buildings and Improvements	88,852,054	91,482,634
Furniture, Fixtures, and Equipment	486,045	460,595
Vehicles	1,021,606	1,253,035
Totals	<u>\$91,433,292</u>	<u>\$94,259,977</u>

Capital Assets decreased as a result of additions being less than depreciation expense. For more information on capital assets, refer to note 7 of the basic financial statements.

***Debt***

At June 30, 2014, the District had \$29,832,528 in outstanding debt, \$2,009,950 due within one year. Table 5 summarizes the District's outstanding debt:



**Adams County/Ohio Valley School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2014	2013
School Improvement Bonds, 1995	\$2,521,232	\$3,646,297
2012 Refunding of 1995 School Improvement Bonds	8,125,000	8,230,000
2012 Capital Appreciation Bonds - Principal Only	980,058	980,058
2012 Capital Appreciation Bonds - Accreted Interest	190,534	60,243
Premium on 2012 Refunding	250,282	283,649
School Improvement Bonds, 2007	7,900,000	8,360,000
Premium	197,827	207,718
2013 Refunding of 2007 School Improvement Bonds	7,970,000	8,220,000
2013 Capital Appreciation Bonds - Principal Only	24,984	24,984
2013 Capital Appreciation Bonds - Accreted Interest	43,241	3,678
Premium on 2013 Refunding	1,629,370	1,712,928
<b>Totals</b>	<b>\$29,832,528</b>	<b>\$31,729,555</b>

The District’s debt decreased by \$217,845 because of debt payments being made. For more information on outstanding debt, refer to note 12 of the basic financial statements.

**For the Future**

In June 2011, the Ohio’s Governor signed HB 153, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The previous funding mechanism, Ohio Evidence-Based Model (OEBM), which was introduced in July 2009, has been eliminated and a “bridge” formula was created for the 2011-2012 school year. The Governor’s Office was unable to provide a funding formula for the 2012-2013 school year as previously hoped and have subsequently decided to continue funding schools on the “bridge” formula. Legislators are continuing to meet and discuss a new funding formula; however, at this time all school districts within the State of Ohio do not know what funding mechanism will be used beyond fiscal year 2013. This continued uncertainty could have a major impact on our instructional and operational programs.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

**Adams County/Ohio Valley School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Tina K. Hageman, Treasurer, Adams County/Ohio Valley School District, 141 Lloyd Road, West Union, OH 45693.

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Adams County/Ohio Valley School District, Ohio  
Statement of Net Position  
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$23,661,251
Restricted Cash and Investments	4,150
Receivables (Net):	
Taxes	8,653,431
Accounts	88,506
Interest	6,173
Intergovernmental	1,099,121
Inventory	77,171
Nondepreciable Capital Assets	1,063,713
Depreciable Capital Assets, Net	<u>90,369,579</u>
 Total Assets	 <u>125,023,095</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	<u>1,587,582</u>
 Total Deferred Outflows of Resources	 <u>1,587,582</u>
Liabilities:	
Accounts Payable	42,369
Accrued Wages and Benefits	3,695,094
Accrued Interest Payable	82,060
Long-Term Liabilities:	
Due Within One Year	2,220,001
Due In More Than One Year	<u>28,913,856</u>
 Total Liabilities	 <u>34,953,380</u>
Deferred Inflows of Resources:	
Property Taxes	<u>6,032,549</u>
 Total Deferred Inflows of Resources	 <u>6,032,549</u>
Net Position:	
Net Investment in Capital Assets	63,422,121
Restricted for:	
Local Grants	1,775
Auxiliary Services	21,699
Debt Service	4,266,799
Capital Projects	1,995,670
Food Service	980,964
Classroom Facilities Maintenance	1,255,078
Federal Grants	602,089
Other Purposes	46,855
Unrestricted	<u>13,031,698</u>
 Total Net Position	 <u><u>\$85,624,748</u></u>

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$16,360,150	\$789,630	\$2,040,006	(\$13,530,514)
Special	8,203,043	178,333	5,779,601	(2,245,109)
Vocational	2,214,701	447,722	581,278	(1,185,701)
Adult/Continuing	311,433	0	0	(311,433)
Other	592,458	37,395	0	(555,063)
<b>Support Services:</b>				
Pupil	1,619,038	848	74,411	(1,543,779)
Instructional Staff	828,878	337	62,753	(765,788)
General Administration	89,597	0	0	(89,597)
School Administration	2,772,394	0	244,327	(2,528,067)
Fiscal	1,084,084	0	2,764	(1,081,320)
Business	47,104	0	0	(47,104)
Operations and Maintenance	2,992,846	30,347	205,705	(2,756,794)
Pupil Transportation	3,024,782	0	63,079	(2,961,703)
Central	190,851	0	0	(190,851)
Operation of Non-Instructional Services	1,987,128	412,897	1,534,199	(40,032)
Extracurricular Activities	553,355	216,861	0	(336,494)
Interest and Fiscal Charges	1,159,769	0	0	(1,159,769)
<b>Totals</b>	<b>\$44,031,611</b>	<b>\$2,114,370</b>	<b>\$10,588,123</b>	<b>(31,329,118)</b>

<b>General Revenues:</b>	
Property Taxes Levied for:	
General Purposes	6,890,030
Special Revenue Purposes	136,659
Debt Service Purposes	2,565,556
Capital Projects Purposes	161,560
Grants and Entitlements, Not Restricted	25,070,319
Unrestricted Contributions	29,234
Investment Earnings	36,746
Other Revenues	278,509
<b>Total General Revenues</b>	<b>35,168,613</b>
<b>Change in Net Position</b>	<b>3,839,495</b>
<b>Net Position - Beginning of Year, Restated</b>	<b>81,785,253</b>
<b>Net Position - End of Year</b>	<b>\$85,624,748</b>

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$13,094,823	\$3,645,254	\$6,921,174	\$23,661,251
Restricted Cash and Investments	4,150	0	0	4,150
<b>Receivables (Net):</b>				
Taxes	6,085,958	2,329,829	237,644	8,653,431
Accounts	77,903	0	10,603	88,506
Interest	6,173	0	0	6,173
Intergovernmental	63,483	0	1,035,638	1,099,121
Interfund	180,145	0	0	180,145
Inventory	0	0	77,171	77,171
<b>Total Assets</b>	<b>19,512,635</b>	<b>5,975,083</b>	<b>8,282,230</b>	<b>33,769,948</b>
<b>Liabilities:</b>				
Accounts Payable	35,909	0	6,460	42,369
Accrued Wages and Benefits	3,177,529	0	517,565	3,695,094
Compensated Absences	47,514	0	0	47,514
Interfund Payable	0	0	180,145	180,145
<b>Total Liabilities</b>	<b>3,260,952</b>	<b>0</b>	<b>704,170</b>	<b>3,965,122</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	4,863,900	1,866,553	184,369	6,914,822
Grants and Other Taxes	0	0	728,698	728,698
Investment Earnings	4,991	0	0	4,991
<b>Total Deferred Inflows of Resources</b>	<b>4,868,891</b>	<b>1,866,553</b>	<b>913,067</b>	<b>7,648,511</b>
<b>Fund Balances:</b>				
Nonspendable	4,150	0	0	4,150
Restricted	0	4,108,530	4,392,664	8,501,194
Committed	91,363	0	2,587,654	2,679,017
Assigned	224,392	0	0	224,392
Unassigned	11,062,887	0	(315,325)	10,747,562
<b>Total Fund Balances</b>	<b>11,382,792</b>	<b>4,108,530</b>	<b>6,664,993</b>	<b>22,156,315</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$19,512,635</b>	<b>\$5,975,083</b>	<b>\$8,282,230</b>	<b>\$33,769,948</b>

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2014

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Total Governmental Fund Balance \$22,156,315

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

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

    Capital assets used in the operation of Governmental Funds 91,433,292

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

Delinquent Property Taxes	882,273	
Interest	4,991	
Intergovernmental	<u>728,698</u>	
		1,615,962

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (82,060)

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

    Compensated Absences (1,253,815)

Deferred outflows of resources associated with long-term liabilities  
 are not reported in the funds. 1,587,582

Long-term liabilities are not due and payable in the current  
 period and, therefore, are not reported in the funds. (29,832,528)

Net Position of Governmental Activities \$85,624,748

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$6,862,176	\$2,548,772	\$297,789	\$9,708,737
Tuition and Fees	1,320,093	0	0	1,320,093
Investment Earnings	31,103	0	652	31,755
Intergovernmental	29,179,974	833,616	5,094,962	35,108,552
Extracurricular Activities	130,330	0	181,347	311,677
Charges for Services	54,617	0	412,897	467,514
Other Revenues	237,566	18,124	61,570	317,260
<b>Total Revenues</b>	<b>37,815,859</b>	<b>3,400,512</b>	<b>6,049,217</b>	<b>47,265,588</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	14,734,231	0	386,325	15,120,556
Special	5,050,826	0	2,646,457	7,697,283
Vocational	2,003,849	0	96,296	2,100,145
Adult/Continuing	311,433	0	0	311,433
Other	592,458	0	0	592,458
<b>Support Services:</b>				
Pupil	1,464,901	0	72,760	1,537,661
Instructional Staff	587,891	0	59,947	647,838
General Administration	89,597	0	0	89,597
School Administration	2,421,471	0	198,609	2,620,080
Fiscal	982,492	85,205	10,050	1,077,747
Business	49,726	0	0	49,726
Operations and Maintenance	2,539,166	0	392,202	2,931,368
Pupil Transportation	2,456,302	0	0	2,456,302
Central	182,781	0	0	182,781
Operation of Non-Instructional Services	1,039	0	1,973,304	1,974,343
Extracurricular Activities	397,759	0	150,750	548,509
Capital Outlay	0	0	9,890	9,890
<b>Debt Service:</b>				
Principal Retirement	0	1,940,065	0	1,940,065
Interest and Fiscal Charges	0	1,033,413	0	1,033,413
<b>Total Expenditures</b>	<b>33,865,922</b>	<b>3,058,683</b>	<b>5,996,590</b>	<b>42,921,195</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,949,937</b>	<b>341,829</b>	<b>52,627</b>	<b>4,344,393</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	0	0	5,568	5,568
Transfers In	0	0	600,000	600,000
Transfers (Out)	(600,000)	0	0	(600,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(600,000)</b>	<b>0</b>	<b>605,568</b>	<b>5,568</b>
<b>Net Change in Fund Balance</b>	<b>3,349,937</b>	<b>341,829</b>	<b>658,195</b>	<b>4,349,961</b>
<b>Fund Balance - Beginning of Year</b>	<b>8,032,855</b>	<b>3,766,701</b>	<b>6,006,798</b>	<b>17,806,354</b>
<b>Fund Balance - End of Year</b>	<b>\$11,382,792</b>	<b>\$4,108,530</b>	<b>\$6,664,993</b>	<b>\$22,156,315</b>

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2014

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Net Change in Fund Balance - Total Governmental Funds \$4,349,961

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

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	186,829	
Depreciation Expense	<u>(3,013,514)</u>	
		(2,826,685)

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

Delinquent Property Taxes	45,071	
Interest	4,991	
Intergovernmental	<u>549,888</u>	
		599,950

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net position. 1,940,065

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due. 8,282

Some expenses reported in the statement of activities do not require the  
 use of current financial resources and, therefore, are not reported as  
 expenditures in governmental funds.

Compensated Absences	(97,440)	
Amortization of Bond Premium	126,816	
Amortization of Deferred Charge on Refunding	(91,600)	
Bond Accretion	<u>(169,854)</u>	
		<u>(232,078)</u>

Change in Net Position of Governmental Activities \$3,839,495

See accompanying notes to the basic financial statements.



Adams County/Ohio Valley School District, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,480,713	\$6,639,517	\$6,431,339	(\$208,178)
Tuition and Fees	1,318,984	1,351,304	1,308,935	(42,369)
Investment Earnings	30,151	30,890	29,921	(969)
Intergovernmental	29,340,019	30,058,971	29,116,491	(942,480)
Extracurricular Activities	66,963	68,604	66,453	(2,151)
Charges for Services	16,665	17,073	16,538	(535)
Other Revenues	250,496	256,635	248,588	(8,047)
<b>Total Revenues</b>	<b>37,503,991</b>	<b>38,422,994</b>	<b>37,218,265</b>	<b>(1,204,729)</b>
Expenditures:				
Current:				
Instruction:				
Regular	15,462,803	16,015,525	14,767,187	1,248,338
Special	5,169,630	5,354,420	4,937,067	417,353
Vocational	1,986,663	2,057,677	1,897,290	160,387
Adult/Continuing	326,103	342,146	311,433	30,713
Other	642,461	665,426	613,559	51,867
Support Services:				
Pupil	1,539,149	1,594,166	1,469,908	124,258
Instructional Staff	653,935	677,310	624,517	52,793
General Administration	101,174	104,791	96,623	8,168
School Administration	2,514,457	2,604,337	2,401,341	202,996
Fiscal	1,005,734	1,041,685	960,490	81,195
Business	52,897	54,787	50,517	4,270
Operations and Maintenance	2,683,105	2,779,014	2,562,402	216,612
Pupil Transportation	2,527,214	2,617,550	2,413,524	204,026
Central	181,883	188,385	173,701	14,684
Extracurricular Activities	288,941	299,270	275,943	23,327
<b>Total Expenditures</b>	<b>35,136,149</b>	<b>36,396,489</b>	<b>33,555,502</b>	<b>2,840,987</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,367,842</b>	<b>2,026,505</b>	<b>3,662,763</b>	<b>1,636,258</b>
Other Financing Sources (Uses):				
Advances In	297,831	305,129	295,562	(9,567)
Advances (Out)	(180,143)	(186,582)	(172,039)	14,543
Transfers In	2,015,354	2,064,739	2,000,000	(64,739)
Transfers (Out)	(2,877,446)	(2,980,301)	(2,748,000)	232,301
<b>Total Other Financing Sources (Uses)</b>	<b>(744,404)</b>	<b>(797,015)</b>	<b>(624,477)</b>	<b>172,538</b>
<b>Net Change in Fund Balance</b>	<b>1,623,438</b>	<b>1,229,490</b>	<b>3,038,286</b>	<b>1,808,796</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	9,555,358	9,555,358	9,555,358	0
<b>Fund Balance - End of Year</b>	<b>\$11,178,796</b>	<b>\$10,784,848</b>	<b>\$12,593,644</b>	<b>\$1,808,796</b>

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2014

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
Assets:		
Equity in Pooled Cash and Investments	\$62,967	\$254,411
Total Assets	<u>62,967</u>	<u>254,411</u>
Liabilities:		
Accounts Payable	189	0
Intergovernmental Payable	<u>0</u>	<u>254,411</u>
Total Liabilities	<u>189</u>	<u>\$254,411</u>
Net Position:		
Held in Trust	<u>62,778</u>	
Total Net Position	<u><u>\$62,778</u></u>	

See accompanying notes to the basic financial statements.

Adams County/Ohio Valley School District, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2014

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	Private Purpose Trust
Additions:	
Donations	\$6,500
Investment Earnings	23
Total Additions	<u>6,523</u>
Deductions:	
Other	<u>6,724</u>
Total Deductions	<u>6,724</u>
Change in Net Position	(201)
Net Position - Beginning of Year	<u>62,979</u>
Net Position - End of Year	<u><u>\$62,778</u></u>

See accompanying notes to the basic financial statements.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Note 1 - Description of the School District and Reporting Entity**

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Adams County/Ohio Valley School District (the "District") is organized under Article IV, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and federal guidelines.

The Adams County/Ohio Valley School District serves an area of approximately 489 square miles, with 99 percent of its territory located in Adams County and the remaining one percent in Highland County. Political subdivisions included in the District are the Villages of West Union, Peebles, Winchester, Sinking Spring, Cherry Fork, and Seaman, the thirteen townships of Adams County and the southern half of Brush Creek Township in Highland County. The District is staffed by 174 non-certified employees and 252 certified employees as well as 30 administrative employees who provide services to 3,971 students and other community members. The District operates seven instructional buildings, one administrative building, one bus garage and a supply warehouse.

**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 are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Adams County/Ohio Valley School District, this includes general operations, food service, preschool and student related activities of the District.

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

The following activities are included within the reporting entity:

*Non-Public Schools* - The Adams County Christian School is operated within the District boundaries. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District, as directed by the non-public school. This activity is reflected in a special revenue fund and as part of governmental activities for financial reporting purposes.

The District participates in three jointly governed organizations, one insurance purchasing pool and a related organization. These organizations are the South Central Ohio Computer Association Council of Governments (SCOCA COG), the Hopewell Special Education Regional Resource Center, the Southwestern Ohio Educational Purchasing Council and the Ohio School Plan for property and fleet liability coverage. Information about these organizations is presented in Note 14 to the basic financial statements.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Note 2 - Summary of Significant Accounting Policies**

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The financial statements of the Adams County/Ohio Valley 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 District's accounting policies are described below.

**Measurement Focus**

**Government-wide Financial Statements**

The District's basic 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.

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

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

**Fund Financial Statements**

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

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

**Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid-management by segregating transactions related

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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to certain District function or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds of the District fall within two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District 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 District's major governmental funds:

**General Fund** – The General Fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Debt Service Fund** – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary funds are a private purpose trust fund and agency funds. The private purpose trust fund accounts for college scholarship programs for students. The District's agency funds account for those student activities which consist of a student body, student president, student treasurer and faculty advisor, and the receipt and remittance of Manchester Local School District's portion of the debt assumed by that District upon deconsolidation in fiscal year 2004.

**Basis of Accounting**

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

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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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.

**Budgetary Process**

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 sets 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. The Treasurer has been authorized to allocate Board appropriations at the function and object level within each fund.

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

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

**Equity in Pooled Cash and Investments**

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-negotiable certificates of deposit are reported at cost. For investments in money market mutual funds, the fair value is determined by the fund's current share price.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$31,103 and \$652 in Other Governmental Funds.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories consist of purchased and donated food held for resale and consumable supplies.



**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise 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, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Land Improvements	50 years
Buildings and Improvements	25 - 50 years
Furniture, Fixtures and Equipment	10 - 15 years
Vehicles	20 years

**Interfund Activity**

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

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

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

**Compensated Absences**

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

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The unmatured portion of the liability is not reported.

**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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds and long-term loans that will be paid from governmental funds are recognized as an expenditure and a liability in the governmental fund financial statements when due.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of the other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unclaimed monies.

**Fund Balance**

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

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

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

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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

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

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

**Bond Premiums**

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition of the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the debt is issued.

**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.

**Net Position**

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

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

The government-wide Statement of Net Position reports \$9,170,929 of restricted net position, none of which are restricted by enabling legislation.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Note 3 - Budgetary Basis of Accounting**

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

The major differences between the budget basis and 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) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$3,349,937
Revenue Accruals	(262,967)
Expenditure Accruals	(10,526)
Transfers In	2,000,000
Transfers Out	(2,148,000)
Advances In	295,562
Advances Out	(172,039)
Funds Budgeted Elsewhere	120,428
Encumbrances	(134,109)
Budget Basis	\$3,038,286

**Note 4 - Deposits and Investments**

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Monies held by the District are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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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 monies held by the District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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 District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$13,032,999 of the District's bank balance of \$22,618,493 was exposed to custodial credit risk because it was uninsured. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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The District has no policy for custodial credit 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 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

As of June 30, 2014, the District had the following investments, which are in an internal investment pool:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$11,667,854	0.00

Interest Rate Risk

The District has no investment policy that addresses interest rate risk. 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 District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The Money Market Funds carry ratings of Aaa by Moody's. The District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Money Market Funds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. Of the District's total investments, 100% is invested in Money Market Funds.

**Note 5 - Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year,

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2015 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflow of resources for that portion not intended to finance \$1,222,058 in the General Fund, \$463,276 in the Debt Service Fund and \$53,275 in Other Governmental.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	<u>2014 First Half Collections</u>		<u>2013 Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$322,467,070	90.80%	\$287,666,180	90.16%
Public Utility	32,671,440	9.20%	31,380,820	9.84%
Total Assessed Value	<u>\$355,138,510</u>	<u>100.00%</u>	<u>\$319,047,000</u>	<u>100.00%</u>

**Note 6 – Receivables**

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Receivables at June 30, 2014, consisted of property taxes, accounts (billings for user charged services and student fees), interest, intergovernmental grants and interfund. All receivables are considered collectible in full and will be received within one year with the exception of the property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

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**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

Intergovernmental Receivables at June 30, 2014 were as follows:

General Fund	<u>\$63,483</u>
Other Governmental Funds:	
Public Preschool	11,619
Alternative Schools	5,545
Miscellaneous State Grants	5,946
Race to the Top	128,693
IDEA-B	238,678
Carl Perkins	12,423
Title I	583,965
IDEA Preschool	1,638
Improving Teacher Quality	39,138
Miscellaneous Federal Grants	7,993
Total Other Governmental Funds	<u>1,035,638</u>
Total	<u><u>\$1,099,121</u></u>

**Note 7 - Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	<u>\$1,063,713</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,063,713</u>
Total Capital Assets, not being depreciated	1,063,713	0	0	1,063,713
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	2,832,685	9,890	0	2,842,575
Buildings and Improvements	112,075,892	52,481	0	112,128,373
Furniture, Fixtures and Equipment	1,782,838	80,468	0	1,863,306
Vehicles	<u>4,480,814</u>	<u>43,990</u>	<u>169,353</u>	<u>4,355,451</u>
<b><i>Total Capital Assets, being depreciated:</i></b>	<u>121,172,229</u>	<u>186,829</u>	<u>169,353</u>	<u>121,189,705</u>
Totals at Historical Cost	<u>122,235,942</u>	<u>186,829</u>	<u>169,353</u>	<u>122,253,418</u>
Less Accumulated Depreciation:				
Land Improvements	2,832,685	16	0	2,832,701
Buildings and Improvements	20,593,258	2,683,061	0	23,276,319
Furniture's, Fixtures and Equipment	1,322,243	55,018	0	1,377,261
Vehicles	<u>3,227,779</u>	<u>275,419</u>	<u>169,353</u>	<u>3,333,845</u>
Total Accumulated Depreciation	<u>27,975,965</u>	<u>3,013,514</u>	<u>169,353</u>	<u>30,820,126</u>
Governmental Activities Capital Assets, Net	<u><u>\$94,259,977</u></u>	<u><u>(\$2,826,685)</u></u>	<u><u>\$0</u></u>	<u><u>\$91,433,292</u></u>



**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,309,312
Special	334,519
Vocational	126,662
Support Services:	
Pupil	79,987
Instructional Staff	208,804
School Administration	174,936
Fiscal	29,245
Business	8,317
Operations and Maintenance	168,005
Pupil Transportation	551,618
Central	4,293
Operation of Non-Instructional Services	12,970
Extracurricular Activities	4,846
Total Depreciation Expense	<u><u>\$3,013,514</u></u>

**Note 8 - Risk Management**

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As of June 30, 2014, the District obtained coverage through Ohio School Plan (Note 16) with the Hylant Group of Cincinnati, Ohio, serving as the agent. General liability coverage, educator's legal liability coverage, and auto liability and physical damage coverage are provided by Ohio School Plan and AIG Insurance. Property coverage is provided by Ohio School Plan. Boiler and machinery coverage is provided by Ohio School Plan as well as umbrella coverage which includes the following:

Property Coverage	(\$1,000 deductible)	\$300,000,000
Boiler and Machinery	(\$1,000 deductible)	50,000,000
Auto Liability/Physical Damage	(\$1,000 deductible)	6,000,000
General Liability	(\$0 deductible)	
Aggregate		\$3,000,000
Per Occurrence		1,000,000
Educator's Legal Liability	(\$2,500 deductible)	
Aggregate		\$8,000,000
Per Occurrence		6,000,000
Umbrella Coverage	(\$0 deductible)	
Aggregate		\$5,000,000
Per Occurrence		5,000,000

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

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

**Note 9 - Pension Plans**

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**School Employees Retirement System of Ohio**

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$719,592, \$704,832, and \$832,320, respectively; contributions equaled the required contributions for each year.

**State Teachers Retirement System of Ohio**

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**Adams County/Ohio Valley School District, Ohio**

**Notes to the Basic Financial Statements**

**For the Fiscal Year Ended June 30, 2014**

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DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations,

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 11% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2014, 2013, and 2012 were \$2,240,184, \$2,223,864, and \$2,024,364, respectively; 84% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**Note 10- Post Employment Benefits**

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**School Employees Retirement System of Ohio**

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was .76%. District contributions for the years ended June 30, 2014, 2013 and 2012 were \$39,064, \$37,255, and \$44,589, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. 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

**Adams County/Ohio Valley School District, Ohio**

**Notes to the Basic Financial Statements**

**For the Fiscal Year Ended June 30, 2014**

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those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2014, the health care allocation was .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$8,224, \$8,055, and \$32,698, respectively.

The SERS Retirement Board establishes 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.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**State Teachers Retirement System of Ohio**

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. 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.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2014, 2013 and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2014, 2013, and 2012 were \$160,013, \$158,847, and \$144,597, 84% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**Note 11 - Employee Benefits**

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**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from board approved contracts and State laws. Eligible classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to two years' accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for administrators. One third of each administrator's accumulated sick leave over 200 days shall be paid out at the end of each fiscal year. Classified personnel may accumulate up to a maximum of 200 days for usage purposed; however, for retirement purposes, they may accumulate up to a maximum of 260 days. Certified personnel may accumulate up to a maximum of 200 days for usages; however, for retirement purposes, they may accumulate an unlimited number of days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum payment of 50 days for administrators and 65 days for classified employees. The District offers a super-severance provision for employees who retire in their first year of eligibility. Under this policy, payment is made for one-half of the accumulated sick leave credit up to a maximum payment of 100 days.

Teachers, administrators, and classified personnel earn three days of personal leave per school year. Unused days are paid in July of each year, at the rate of \$115 per day for teachers and administrators. Classified personnel are paid at the rate of \$80 per day for unused days in July each year.

**Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to all employees through MetLife. The District has elected to provide medical/surgical, dental and vision benefits through Anthem Blue Cross and Blue Shield. Effective with the 2013-2014 fiscal year, teachers and administrators agreed to contribute ten percent of the monthly premium on all plans with the Board of Education assuming the remaining expense. Effective with the 2013-2014 school year, all classified staff agreed to contribute seven percent of the monthly premium and the Board of Education will assume the remaining expense. In addition to these percentages, all employees of the district have agreed to share in any premium increases over five percent; the additional increase above the five percent will be equally split or shared between the Board of Education and the employees.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Perfect/Excellent Attendance Incentive**

Bonus checks are issued to employees who have perfect or excellent attendance in any full work year (July 1- June 30).

Eleven and twelve month classified employees with perfect attendance receive a bonus of \$400. Nine and ten month classified employees with perfect attendance receive a bonus of \$300.

Teachers with perfect attendance receive a bonus of \$400.

**Note 12 - Long-Term Obligations**

The changes in the District's long-term obligations during fiscal year 2014 were as follows:

	Restated Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>					
School Improvement Bonds					
1995 4.55% - 5.25%	\$3,646,297	\$0	\$1,125,065	\$2,521,232	\$1,219,950
2012 Refunding of 1995 School					
Improvement Bonds 1.15% - 4.00%	8,230,000	0	105,000	8,125,000	105,000
Principal	980,058	0	0	980,058	0
Accreted Interest	60,243	130,291	0	190,534	0
Premium on 2012 Refunding of					
School Improvement Bonds	283,649	0	33,367	250,282	0
School Improvement Bonds					
2007 4.00% - 5.00%	8,360,000	0	460,000	7,900,000	500,000
Premium	207,718	0	9,891	197,827	0
2013 Refunding of 2007 School Improvement Bonds	8,220,000	0	250,000	7,970,000	185,000
Principal	24,984	0	0	24,984	0
Accreted Interest	3,678	39,563	0	43,241	0
Premium on 2013 Refunding of School Improvement Bonds	1,712,928	0	83,558	1,629,370	0
Total Long-Term Bonds	31,729,555	169,854	2,066,881	29,832,528	2,009,950
Compensated Absences	1,197,819	294,500	190,990	1,301,329	210,051
Total Governmental Activities	<u>\$32,927,374</u>	<u>\$464,354</u>	<u>\$2,257,871</u>	<u>\$31,133,857</u>	<u>\$2,220,001</u>

*School Improvement Bonds 1995* - On May 15, 1995, the District issued \$44,000,000 in voted general obligation bonds for the purpose of building new high schools and making improvements to existing buildings. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2021. Manchester Local School District assumed \$16,801,260 of the outstanding bond amount as of July 1, 2004. The bonds will be retired from the Debt Service Fund.

*School Improvement Bonds 2007* - On February 15, 2007, the District issued \$18,670,000 in voted general obligation bonds for the purpose of retiring \$14,800,000 in bond anticipation notes that were issued on November 16, 2007, and for constructing new buildings and improving existing buildings. Of these bonds, \$6,570,000 are serial bonds and \$12,100,000 are term bonds. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2033. On February 27, 2013 the District partially refunded these bonds, see Note 13. The bonds will be retired from the Debt Service Fund.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

The bonds due December 1, 2033 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029, at 100 percent of the principal amount, plus accrued interest, according to the following schedule:

Year	Amount
2029	\$985,000
2030	1,030,000
2031	1,175,000
2032	1,220,000
Total	<u>\$4,410,000</u>

Unless otherwise called for redemption, the remaining \$1,285,000 principal amount of these bonds is to be paid at stated maturity. The serial bonds with maturity dates on December 1, 2017 and thereafter are subject to optional redemption in whole or in part on any date in any order of maturity at the option of the issuer on or after June 1, 2017, at par plus accrued interest to the date of redemption. The bonds will be retired from the Debt Service Fund.

Compensated absences will be paid from the Termination Benefits Fund and Food Service Funds.

Principal requirements to retire general obligation debt at June 30, 2014, are as follows:

School Improvement Bonds - 1995			
Fiscal year Ending June 30,	Principal	Interest	Total
2015	\$1,219,950	\$133,788	\$1,353,738
2016	1,301,282	45,545	1,346,827
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020-2023	0	0	0
Total	<u>\$2,521,232</u>	<u>\$179,333</u>	<u>\$2,700,565</u>

School Improvement Bonds - 2007			
Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$500,000	\$321,988	\$821,988
2016	535,000	301,288	836,288
2017	555,000	279,488	834,488
2018	0	302,513	302,513
2019	615,000	254,338	869,338
2020-2024	0	1,210,190	1,210,190
2025-2029	0	1,210,190	1,210,190
2030-2034	5,695,000	638,669	6,333,669
Total	<u>\$7,900,000</u>	<u>\$4,518,664</u>	<u>\$12,418,664</u>



**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**2012 Refunding of 1995 School Improvement Bonds**

Fiscal year Ending June 30,	Principal	Interest	Total
2015	\$105,000	\$289,742	\$394,742
2016	110,000	287,592	397,592
2017	0	286,492	286,492
2018	1,450,000	262,930	1,712,930
2019	1,500,000	211,243	1,711,243
2020-2022	4,960,000	289,419	5,249,419
Total	<u>\$8,125,000</u>	<u>\$1,627,418</u>	<u>\$9,752,418</u>

**Capital Appreciation Bonds**

Fiscal year Ending June 30,	Principal	Interest	Total
2015	\$0	\$0	\$0
2016	0	0	0
2017	988,230	631,769	1,619,999
2018	13,112	731,888	745,000
2019	1,219	163,781	165,000
2020-2024	2,480	797,520	800,000
2025-2029	0	0	0
2030-2034	0	0	0
Total	<u>\$1,005,041</u>	<u>\$2,324,958</u>	<u>\$3,329,999</u>

**2013 Refunding of 2007 School Improvement Bonds**

Fiscal year Ending June 30,	Principal	Interest	Total
2015	\$185,000	\$182,529	\$367,529
2016	200,000	180,104	380,104
2017	0	178,604	178,604
2018	0	178,604	178,604
2019	0	178,604	178,604
2020-2024	3,210,000	766,098	3,976,098
2025-2029	4,375,000	308,790	4,683,790
2030-2034	0	0	0
Total	<u>\$7,970,000</u>	<u>\$1,973,333</u>	<u>\$9,943,333</u>

**Note 13 - Interfund Activity**

Interfund transactions at June 30, 2014, consisted of the following individual interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$180,145	\$0	\$0	\$600,000
Other Governmental Funds	0	180,145	600,000	0
Total All Funds	<u>\$180,145</u>	<u>\$180,145</u>	<u>\$600,000</u>	<u>\$600,000</u>

**Adams County/Ohio Valley School District, Ohio****Notes to the Basic Financial Statements****For the Fiscal Year Ended June 30, 2014**

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Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed. All interfund payables are expected to be repaid during the next fiscal year. The above interfund transactions comply with the requirements of the Ohio Revised Code.

**Note 14 - Jointly Governed Organizations**

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**South Central Ohio Computer Association Council of Governments**

The District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 58 public education entities, 58 non-public entities, and public libraries from 24 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two representatives of the school treasurers, plus a representative of the fiscal agent. Financial information can be obtained from their fiscal office located at Pike County Career Technology Center, P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio, 45661.

**Hopewell Special Education Regional Resource Center**

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Eighteen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own advisory board. The advisory board is made up of superintendents from the eighteen school districts or their designee, plus a representative from the Southern Ohio Educational Service Center, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Southern Ohio Educational Service Center acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and federal and State grants. To obtain financial information, write to Hopewell at the Southern Ohio Educational Service Center, 3321 Airborne Drive, Wilmington, Ohio, 45177.

**Southwestern Ohio Educational Purchasing Council**

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Note 15 - Set-Aside Calculations and Fund Reserves**

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

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

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2013	\$0
Current Year Set Aside Requirements	670,622
Qualified Disbursements	(788,924)
Prior Year Offset from Bond Proceeds	<u>0</u>
Set Aside Reserve Balance as of June 30, 2014	<u><u>(\$118,302)</u></u>
Restricted Cash as of June 30, 2014	<u><u>\$0</u></u>
Carried Forward to FY 2015	

Although the District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amounts to below zero for capital acquisition. The amount may not be used to reduce the set-aside requirement of future fiscal years.

The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvements to \$0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods.

**Note 16 – Contingencies**

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**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

**Litigation**

The District is not involved in any litigation as of June 30, 2014.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Note 17 – Accountability**

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The following funds had deficit fund balances at June 30, 2014:

<u>Other Governmental Funds</u>	<u>Deficit</u>
EMIS	\$8,106
Public Preschool	5,143
Improving Teacher Quality	39,001
Miscellaneous State Grants	7,187
IDEA B	247,894
Race to the Top	2,221
IDEA Preschool	3,001
Miscellaneous Federal Grants	2,772

These deficits were created by the recognition of accrued liabilities.

**Note 18 – Fund Balances**

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Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<b>Nonspendable:</b>				
Unclaimed Monies	4,150	0	0	4,150
<b>Total Nonspendable</b>	<b>4,150</b>	<b>0</b>	<b>0</b>	<b>4,150</b>
<b>Restricted for:</b>				
Other Grants	0	0	22,014	22,014
Classroom Facilities Maintenance	0	0	1,242,920	1,242,920
Athletic	0	0	22,747	22,747
Title I	0	0	80,713	80,713
Auxiliary Services	0	0	23,857	23,857
Neediest Kids of All	0	0	2,094	2,094
Food Service	0	0	1,002,649	1,002,649
Debt Service	0	4,108,530	0	4,108,530
OSFC Local Funded Initiative	0	0	1,880,522	1,880,522
OSFC Project	0	0	115,148	115,148
<b>Total Restricted</b>	<b>0</b>	<b>4,108,530</b>	<b>4,392,664</b>	<b>8,501,194</b>
<b>Committed to:</b>				
Termination Benefits	91,363	0	0	91,363
Permanent Improvements	0	0	2,587,654	2,587,654
<b>Total Committed</b>	<b>91,363</b>	<b>0</b>	<b>2,587,654</b>	<b>2,679,017</b>
<b>Assigned to:</b>				
Encumbrances	98,704	0	0	98,704
Public Schools	125,688	0	0	125,688
<b>Total Assigned</b>	<b>224,392</b>	<b>0</b>	<b>0</b>	<b>224,392</b>
<b>Unassigned (Deficit)</b>	<b>11,062,887</b>	<b>0</b>	<b>(315,325)</b>	<b>10,747,562</b>
<b>Total Fund Balance</b>	<b>\$11,382,792</b>	<b>4,108,530</b>	<b>\$6,664,993</b>	<b>\$22,156,315</b>

**Note 19 – Change in Accounting Principles**

The District adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement Number 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the District.

**Adams County/Ohio Valley School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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**Note 20 – Prior Period Adjustment**

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In prior periods, the District had reported assets related to bond issuance costs in the Governmental Activities entity-wide financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The implementation of GASB Statement Number 65 requires a restatement of prior period's net position as follows:

	<u>Governmental Activities</u>
Net Position - June 30, 2013	\$82,284,807
Prior Period Adjustments:	
Bond Issuance Costs	(499,554)
Restated Net Position - June 30, 2013	<u><u>\$81,785,253</u></u>

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**Adams County/Ohio Valley Local School District**  
Schedule of Federal Awards Receipts & Expenditures  
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	327,786	-	327,786	-
National School Lunch Program	3L60	10.555	874,451	213,593	874,451	213,593
Child Nutrition Discretionary Grants Limited Availability	3DC0	10.579	4,500	-	4,500	-
Total Nutrition Cluster			<u>1,206,737</u>	<u>213,593</u>	<u>1,206,737</u>	<u>213,593</u>
Total United States Department of Agriculture			<u>1,206,737</u>	<u>213,593</u>	<u>1,206,737</u>	<u>213,593</u>
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	895,735	-	909,160	-
Special Education - Preschool Grants	3C50	84.173	19,319	-	17,890	-
Total Special Education Cluster			<u>915,054</u>	<u>-</u>	<u>927,050</u>	<u>-</u>
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	1,766,432	-	1,601,741	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	341,456	-	352,260	-
Career and Technical Education, Basic Grants to States	3L90	84.048	103,042	-	101,331	-
Rural Education	3Y80	84.358	117,997	-	120,899	-
Improving Teacher Quality State Grants	3Y60	84.367	289,809	-	276,827	-
Total United States Department of Education			<u>3,533,790</u>	<u>-</u>	<u>3,380,108</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u><u>4,740,527</u></u>	<u><u>213,593</u></u>	<u><u>4,586,845</u></u>	<u><u>213,593</u></u>

NA - Pass Through Entity Number is Not Available  
See Accompanying Notes to the Schedule of Federal Awards Expenditures

**ADAMS COUNTY/OHIO VALLEY LOCAL SCHOOL DISTRICT  
ADAMS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTIONS**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.





# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Adams County/Ohio Valley Local School District  
141 Lloyd Road  
West Union, Ohio 45693

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 Adams County/Ohio Valley Local School District, Adams County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2014 wherein we noted the District implemented Government Accounting Standard No.65.

### ***Internal Control Over Financial Reporting***

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

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

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

Members of the Board of Education  
Adams County/Ohio Valley Local School District  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards*  
Page 2

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 17, 2014



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## **Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Adams County/Ohio Valley Local School District  
141 Lloyd Road  
West Union, Ohio 45693

To the Board of Education

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

We have audited the Adams County/Ohio Valley Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Adams County/Ohio Valley Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

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

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Adams County/Ohio Valley Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 17, 2014

**Adams County/Ohio Valley Local School District  
Adams County, Ohio**

Schedule of Findings  
*OMB Circular A-133 Section §.505*  
For the Year Ended June 30, 2014

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I, Part A: Title I Grants to Local Educational Agencies; CFDA #84.010  State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act; CFDA #84.395  Special Education Cluster: Special Education – Grants to States; CFDA #84.027 and Special Education – Preschool Grants; CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all other
(d)(1)(ix)	Low Risk Auditee?	No

**Adams County/Ohio Valley Local School District  
Adams County, Ohio**

Schedule of Findings  
*OMB Circular A-133 Section §.505*  
For the Year Ended June 30, 2014

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

**None noted**

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

**None noted**

**ADAMS COUNTY/OHIO VALLEY LOCAL SCHOOL DISTRICT  
ADAMS COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
*OMB CIRCULAR A-133 §.315(b)*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Significant Deficiency – Financial Reporting	Yes	
2013-002	Noncompliance/Control Deficiency – Indirect cost	Yes	

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# Dave Yost • Auditor of State

**ADAMS COUNTY/ OHIO VALLEY SCHOOL DISTRICT**

**ADAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 26, 2015**