



Dave Yost • Auditor of State

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2015	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – June 30, 2015.....	11
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2015.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Cash Balances – Governmental Funds – June 30, 2015	13
Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Cash Balances – Governmental Funds – For the Fiscal Year Ended June 30, 2015	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund – For the Fiscal Year Ended June 30, 2015	15
Statement of Fiduciary Assets and Liabilities – Cash Basis – June 30, 2015	16
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2015.....	17
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2014	45
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – June 30, 2014.....	53
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2014.....	54
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Cash Balances – Governmental Funds – June 30, 2014	55
Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Cash Balances – Governmental Funds – For the Fiscal Year Ended June 30, 2014	56
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund – For the Fiscal Year Ended June 30, 2014	57
Statement of Fiduciary Assets and Liabilities – Cash Basis – June 30, 2014	58

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2014.....	59
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Schedule of Findings.....	83
Schedule of Prior Audit Findings.....	85



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Columbus Grove Local School District
Putnam County
201 West Cross Street
Columbus Grove, Ohio 45830-1237

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, Ohio (the District), as of and for the years ended June 30, 2015 and 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, Ohio, as of June 30, 2015 and 2014, and the respective changes in cash financial position, and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion and Analysis listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

February 10, 2016

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

This discussion and analysis of Columbus Grove Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2015, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key highlights for 2015 are as follows:

Net position of governmental activities decreased \$413,186, from the prior year. This decrease was mostly due to the expenditure of funds for the Ohio School Facilities Commission school construction project.

The District's general governmental receipts were \$9,437,982. The majority of these receipts were primarily property taxes and unrestricted state entitlements. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,209,119.

The District had \$11,060,287 in expenses related to governmental activities. Only \$1,209,119 of these expenses were offset by program specific charges for services, grants and contributions. General revenues supporting governmental activities (primarily taxes, unrestricted grants and entitlements) of \$9,851,168 were adequate to provide for these programs.

The District's major governmental funds were the General Fund, Bond Retirement Fund, Building Fund, and Ohio School Facilities Commission (OSFC) Construction Fund. The General Fund had \$8,898,907 in revenues and \$8,611,798 in expenditures and other financing uses. The Bond Retirement Fund had \$948,720 in revenues and other financing sources and \$373,136 in expenditures. The Building Fund had \$318,078 in revenues and other financing sources and \$72,004 in expenditures. The OSFC Construction Fund had \$87,459 in revenues and \$1,591,462 in expenditures and other financing uses. During fiscal year 2015, the General Fund balance increased \$287,109 from \$4,236,631 to \$4,523,740. The Bond Retirement Fund balance increased \$575,584 from \$2,307,179 to \$2,882,763. The Building Fund balance increased \$246,074 from \$279,903 to \$525,977 and the OSFC Construction Fund decreased \$1,504,003 from \$1,504,003 to zero.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. For governmental and business type funds, these statements tell how services were financed in the short-term as well as what remains for future

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund, Bond Retirement Fund, Building Fund, and OSFC Construction Fund are the major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. The District has elected to present its financial statements on the cash basis of accounting. Under the District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

As a result of using the other comprehensive basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2015, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental activities of the District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Factors which contribute to these changes may include, but not limited to, the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and required educational programs.

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services including instruction, support services, non-instructional services, extracurricular activities, capital outlay disbursements, and debt service.

Reporting the District's Most Significant Funds

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

The funds of the District are split into two categories: governmental and fiduciary. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Bond Retirement Fund, Building Fund, and OSFC Construction Fund.

Governmental Funds – Most of the District activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. Fiduciary Funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs.

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2015 compared to fiscal year 2014 on another comprehensive basis of accounting.

Table 1		
Net Position		
	Governmental Activities 2015	Governmental Activities 2014
Assets:		
Cash and Cash Equivalents	\$8,441,486	\$8,854,672
Net Position:		
Restricted	3,917,746	\$4,598,610
Unrestricted	4,523,740	4,256,062
Total Net Position	\$8,441,486	\$8,854,672

Over time, net position can serve as a useful indicator of a government's financial position. At year end, net position was \$8,441,486 for governmental activities.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

A portion of the District's net position, \$3,917,746, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$4,523,740 may be used to meet the District's ongoing obligations to the students and creditors.

The decrease in cash was attributed to the expense of OSFC monies for the District's building project.

Table 2 reflects the changes in net position from the prior year:

**Table 2
Change in Net Position**

	Governmental Activities 2015	Governmental Activities 2014
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$700,041	\$632,360
Operating Grants and Contributions	447,333	409,673
Capital Grants and Contributions	61,745	96,472
Total Program Revenues	<u>1,209,119</u>	<u>1,138,505</u>
General Revenues:		
Property and Other Local Taxes	2,683,851	2,333,368
Income Taxes	1,240,077	1,191,544
Grants and Entitlements Not Restricted to Specific Programs	5,368,780	5,121,899
Gifts and Donations	15,218	14,040
Interest	47,589	35,161
Rent	2,348	275
Miscellaneous	80,119	66,359
Total General Revenues	<u>9,437,982</u>	<u>8,762,646</u>
Total Revenues	<u>10,647,101</u>	<u>9,901,151</u>
Expenditures:		
Instruction:		
Regular	4,433,816	4,347,439
Special	1,286,540	1,257,857
Vocational	171,250	138,275
Support Services:		
Pupil	305,927	270,854
Instructional Staff	93,250	90,627
Board of Education	22,284	21,851
Administration	570,886	598,955
Fiscal	283,281	290,765
Operation and Maintenance of Plant	775,764	740,718
Pupil Transportation	350,915	433,905

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Central	119,119	115,298
Operation of Non-Instructional Services	463,810	437,737
Extracurricular Activities	535,558	439,507
Capital Outlay	1,288,984	540,394
Debt Service	358,903	362,586
Total Expenditures	11,060,287	10,086,768
 Decrease in Net Position	 (413,186)	 (185,617)
 Net Position, July 1	 8,854,722	 9,040,289
Net Position, June 30	\$8,441,486	\$8,854,672

Net position of the District's governmental activities decreased \$413,186. Total governmental expenses of \$11,060,287 were offset by program revenues of \$1,209,119 and general revenues of \$9,437,982. Program revenues supported the vast majority of the total governmental expenses.

The primary sources of revenue for the governmental activities were Property taxes, income taxes and grant and entitlements not restricted to specific programs which represent 87.28 percent of total governmental revenue. Real estate property is reappraised every six years.

Overall revenues increased \$745,950 primarily due to the higher receipts of from Property Tax Receipts and Grants and Entitlements. Overall expenditures increase \$973,519 primarily due to an increase in capital expenditures related to the construction of the District's new school building and the close out of the project.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services, grants and contributions off-setting those services. The following table shows the total cost of these services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Current:				
Instruction:				
Regular	\$4,433,816	\$4,117,171	\$4,347,439	\$4,047,225
Special	1,286,540	839,207	1,257,857	848,184
Vocational	171,250	171,250	138,275	138,275
Support Services:				
Pupil	305,927	305,927	270,854	270,854

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Instructional Staff	93,250	93,250	90,627	90,627
Board of Education	22,284	22,284	21,851	21,851
Administration	570,886	570,886	598,955	589,955
Fiscal	283,281	283,281	290,765	290,765
Operation and Maintenance of Plant	775,764	775,764	740,718	740,718
Pupil Transportation	350,915	350,915	433,905	433,905
Central	119,119	119,119	115,298	115,298
Operation of Non-Instructional Services	463,810	299,287	437,737	270,258
Extracurricular Activities	535,559	316,685	439,507	274,840
Capital Outlay	1,288,984	1,227,239	540,394	443,922
Debt Service	358,903	358,903	362,586	362,580
Total Disbursements	\$11,060,287	\$9,851,168	\$10,086,768	\$8,948,263

The dependence upon tax receipts and unrestricted state entitlements is apparent as a majority of instructional activities are supported through these general receipts. For all governmental activities, general revenue support is 89.06 percent. The remaining 10.94 percent is derived from charges for services, operating grants and contributions, and capital grants and contributions.

The District's Funds

The District's funds are accounted for using the cash basis of accounting. Total combined fund balance of \$8,441,486, which is lower than last year's total of \$8,854,672. The schedule below indicates fund balance and the total change in fund balance as of June 30, 2015 and 2014.

**Table 4
Fund Balance**

	June 30, 2015	June 30, 2014	Increase (Decrease)
General	\$4,523,740	\$4,236,631	\$287,109
Bond Retirement	2,882,763	2,307,179	575,584
Building	525,977	279,903	246,074
OSFC Construction		1,504,003	(1,504,003)
Other Governmental	509,006	526,956	(17,950)
Total Fund Balance	\$8,441,486	\$8,854,672	(\$413,186)

The net negative change of \$413,186 in fund balance for the year was primarily attributed to Ohio School Facilities Commission (OSFC) monies expended for the construction of the District's new school building.

General Fund

The District's General Fund balance increased by \$287,109.

The table that follows assists in illustrating the financial activities of the General Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

**Table 5
General Fund**

	2015 Amount	2014 Amount
Revenues:		
Taxes	\$3,365,381	\$3,036,260
Tuition	268,201	275,327
Interest	9,310	4,695
Intergovernmental	5,164,804	4,879,891
Other Revenues	91,211	79,328
Total Revenues	<u>\$8,898,907</u>	<u>\$8,275,501</u>
Expenditures:		
Instruction	\$5,594,243	\$5,437,361
Support Services	2,425,166	2,502,780
Extracurricular Activities	277,335	260,037
Capital Outlay	5,035	41,108
Total Expenditures	<u>\$8,301,779</u>	<u>\$8,241,286</u>

General Fund Budgeting Highlights

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

During fiscal year 2015, the District amended its General Fund budget as needed to reflect changing circumstances.

Final estimated revenues and other financing sources were above original amounts by \$267,073. The variance was primarily a result of property tax revenues higher than originally expected. Actual revenues and other financing sources for fiscal year 2015 were \$1,101,859 less than the final estimated revenues and other financing sources. The variance was primarily a result of actual intergovernmental revenues not as high as budgeted.

General Fund original budgeted appropriations (appropriated expenditures plus other financing uses) of \$10,000,000 were unchanged at \$10,000,000 in the final budget. Actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$8,883,566 which was \$1,116,434 less than the final budget appropriations. The variance is primarily due to a conservative "worst case scenario" approach. The District over-appropriates and uses a contingency appropriation in case significant, unexpected expenditures arise during the fiscal year.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Capital Assets and Debt Administration

Capital Assets

The District's capital assets are not reflected in the cash basis of accounting statements, however the District does track capital assets through the State provided software program.

Debt

At June 30, 2015, the District's outstanding debt included general obligation bonds in the amount of \$8,726,617. Of this total \$67,391 is due within one year and \$8,659,226 is due in more than one year.

The bonds are being retired through the Bond Retirement Fund.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The challenge for all districts is to provide quality educational services to the public while staying within the restrictions imposed by limited funding, and in some cases shrinking funding. The District relies heavily on unrestricted state entitlements and local taxes. The District's five year forecast predicts no deficits in the near future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mark Ellerbrock, Treasurer, Columbus Grove Local School District, 201 West Cross Street, Columbus Grove, Ohio 45830-1237.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$6,722,435
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	1,719,051
Total Assets	<u><u>\$8,441,486</u></u>
Net Position:	
Restricted for:	
Capital Projects	\$525,978
Debt Service	2,882,763
Other Purposes	509,005
Unrestricted	4,523,740
Total Net Position	<u><u>\$8,441,486</u></u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$4,433,816	\$316,645			(\$4,117,171)
Special	1,286,540		\$447,333		(839,207)
Vocational	171,250				(171,250)
Support Services:					
Pupil	305,927				(305,927)
Instructional Staff	93,250				(93,250)
Board of Education	22,284				(22,284)
Administration	570,886				(570,886)
Fiscal	283,281				(283,281)
Operation and Maintenance of Plant	775,764				(775,764)
Pupil Transportation	350,915				(350,915)
Central	119,119				(119,119)
Operation of Non-Instructional Services	463,810	164,523			(299,287)
Extracurricular Activities	535,558	218,873			(316,685)
Capital Outlay	1,288,984			\$61,745	(1,227,239)
Debt Service	358,903				(358,903)
Total Governmental Activities	<u>\$11,060,287</u>	<u>\$700,041</u>	<u>\$447,333</u>	<u>\$61,745</u>	<u>(9,851,168)</u>
General Receipts:					
Property Taxes					2,683,851
Income Taxes					1,240,077
Grants and Entitlements not Restricted to Specific Programs					5,368,780
Gifts and Donations					15,218
Interest					47,589
Rent					2,348
Miscellaneous					80,119
Total General Receipts					<u>9,437,982</u>
Change in Net Position					(413,186)
Net Position Beginning of Year					<u>8,854,672</u>
Net Position End of Year					<u>\$8,441,486</u>

See Accompanying Notes to the Basic Financial Statements

COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>OSFC Construction Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$4,523,740	\$1,163,712	\$525,977		\$509,006	\$6,722,435
Restricted Assets:						
Cash and Cash Equivalents with Fiscal Agent		1,719,051				1,719,051
Total Assets	<u>\$4,523,740</u>	<u>\$2,882,763</u>	<u>\$525,977</u>		<u>\$509,006</u>	<u>\$8,441,486</u>
Fund Balances:						
Restricted		\$2,882,763	\$525,977		\$499,432	\$3,908,172
Assigned	\$1,373,696				9,574	1,383,270
Unassigned	3,150,044					3,150,044
Total Fund Balances	<u>\$4,523,740</u>	<u>\$2,882,763</u>	<u>\$525,977</u>		<u>\$509,006</u>	<u>\$8,441,486</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF CASH BASIS RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Fund	Bond Retirement Fund	Building Fund	OSFC Construction Fund	All Other Governmental Funds	Total Governmental Funds
RECEIPTS:						
Property Taxes	\$2,125,304	\$522,151			\$36,396	\$2,683,851
Income Taxes	1,240,077					1,240,077
Intergovernmental	5,164,804	79,248		\$61,745	572,061	5,877,858
Interest	9,310	37,302	\$39	425	513	47,589
Tuition and Fees	268,201					268,201
Customer Sales and Services	48,444				164,523	212,967
Extracurricular Activities					218,873	218,873
Contributions and Donations	15,218					15,218
Rentals	2,348					2,348
Miscellaneous	25,201		2,286	25,289	27,343	80,119
Total Receipts	8,898,907	638,701	2,325	87,459	1,019,709	10,647,101
DISBURSEMENTS:						
Current:						
Instruction:						
Regular	4,410,843				22,973	4,433,816
Special	1,012,150				274,390	1,286,540
Vocational	171,250					171,250
Support Services:						
Pupil	299,162				6,765	305,927
Instructional Staff	93,250					93,250
Board of Education	22,284					22,284
Administration	567,378				3,508	570,886
Fiscal	268,042	14,233			1,006	283,281
Operation and Maintenance of Plant	705,690				70,074	775,764
Pupil Transportation	350,915					350,915
Central	118,445				674	119,119
Operation of Non-Instructional Services					463,810	463,810
Extracurricular Activities	277,335				258,223	535,558
Capital Outlay	5,035		72,004	1,208,450	3,495	1,288,984
Debt Service:						
Principal Retirement		125,000				125,000
Interest and Fiscal Charges		233,903				233,903
Total Disbursements	8,301,779	373,136	72,004	1,208,450	1,104,918	11,060,287
Excess of Receipts Over (Under) Disbursements	597,128	265,565	(69,679)	(1,120,991)	(85,209)	(413,186)
Other Financing Sources and (Uses):						
Transfers In		310,019	315,753		67,259	693,031
Transfers Out	(310,019)			(383,012)		(693,031)
Total Other Financing Sources and (Uses)	(310,019)	310,019	315,753	(383,012)	67,259	(413,186)
Net Change in Fund Balances	287,109	575,584	246,074	(1,504,003)	(17,950)	(413,186)
Fund Balances at Beginning of Year	4,236,631	2,307,179	279,903	\$1,504,003	526,956	8,854,672
Fund Balances at End of Year	\$4,523,740	\$2,882,763	\$525,977		\$509,006	\$8,441,486

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
RECEIPTS:				
Property Taxes	\$1,844,716	\$2,111,789	\$2,125,304	\$13,515
Income Tax	1,191,544	1,191,544	1,240,077	48,533
Intergovernmental	6,488,018	6,488,018	5,164,804	(1,323,214)
Interest	4,329	4,329	9,310	4,981
Tuition and Fees	253,449	253,449	268,201	14,752
Rent	75	75	2,348	2,273
Contributions and Donations	14,040	14,040	15,218	1,178
Customer Sales and Services	9,446	9,446	39,751	30,305
Miscellaneous	44,383	44,383	25,201	(19,182)
Total Receipts	<u>9,850,000</u>	<u>10,117,073</u>	<u>8,890,214</u>	<u>(1,226,859)</u>
DISBURSEMENTS:				
Current:				
Instruction:				
Regular	5,036,211	5,036,211	4,499,849	536,362
Special	1,031,532	1,031,532	1,022,488	9,044
Vocational	160,007	160,007	172,082	(12,075)
Support Services:				
Pupils	316,877	316,877	302,960	13,917
Instructional Staff	107,220	107,220	97,398	9,822
Board of Education	27,594	27,594	22,810	4,784
Administration	621,746	621,746	582,586	39,160
Fiscal	333,298	333,298	270,749	62,549
Operation and Maintenance of Plant	807,620	807,620	715,211	92,409
Pupil Transportation	411,620	411,620	363,673	47,947
Central	130,569	130,569	122,710	7,859
Food Service Operations	9,889	9,889		9,889
Extracurricular Activities:				
Sport Oriented Activities	298,440	298,440	270,996	27,444
Capital Outlay	<u>257,377</u>	<u>257,377</u>	<u>5,035</u>	<u>252,342</u>
Total Disbursements	<u>9,550,000</u>	<u>9,550,000</u>	<u>8,448,547</u>	<u>1,101,453</u>
Excess of Receipts Over Disbursements	<u>300,000</u>	<u>567,073</u>	<u>441,667</u>	<u>(125,406)</u>
OTHER FINANCING SOURCES AND (USES):				
Advances In			125,000	125,000
Transfers Out	(300,000)	(300,000)	(310,019)	(10,019)
Advances Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(125,000)</u>	<u>25,000</u>
Total Other Financing Sources and (Uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(310,019)</u>	<u>139,981</u>
Net Change in Fund Balance	(150,000)	117,073	131,648	14,575
Fund Balance at Beginning of Year	3,931,953	3,931,953	3,931,953	
Prior Year Encumbrances Appropriated	<u>302,441</u>	<u>302,441</u>	<u>302,441</u>	
Fund Balance at End of Year	<u>\$4,084,394</u>	<u>\$4,351,467</u>	<u>\$4,366,042</u>	<u>\$14,575</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
JUNE 30, 2015**

	<u>Agency Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$77,244</u></u>
Liabilities	
Current Liabilities:	
Undistributed Monies	<u><u>\$77,244</u></u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Columbus Grove Local School District (the District) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it.

A locally-elected five-member Board governs the District, which provides educational services mandated by the State and federal agencies. This Board of Education controls the District's one instructional/support facility staffed by 43 classified employees, 66 certificated full-time personnel, and 4 administrators who provide services to 901 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic 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 the District, this includes general operations, food service, community services, and student-related activities.

Component units are legally separate organizations for which the District can "impose its will," such as by appointing a voting majority of the component unit's governing body. Component units may also include organizations fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District has no component units.

The District has no joint ventures.

The District participates in 3 public entity risk pools and 4 jointly governed organizations. The financial statements exclude these entities which perform activities within the District's boundaries for the benefit of its residents because the District is not financially accountable for these entities nor are these entities fiscally dependent on the District. Notes 8 and 15 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Schools of Ohio Risk Sharing Authority
Putnam County School Insurance Group
Ohio School Boards Association Workers' Compensation Group Rating Program

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative
Apollo Career Center
State Support Team Region 1
Northwestern Ohio Educational Research Council, Inc

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

notes in accordance with the OCBO cash basis of accounting. This is a Governmental Accounting Standards board acceptable reporting comprehensive basis of accounting other than generally accepted accounting principles.

The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Fund Accounting

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

Governmental: The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the District's major governmental funds:

General Fund – The General Fund accounts for all financial resources except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Bond Retirement Fund – The Bond Retirement Fund accounts for resources received from property taxes to pay school improvement general obligation bond principal, interest and related costs.

Building Fund – The Building Fund is used to account for the receipts and disbursements related to the construction of locally funded initiatives related to the Ohio School Facilities Commission (OSFC) building project.

OSFC Construction Fund – The OSFC Construction Fund is used to account for state and local shares of the receipts and disbursements related to the 2009 OSFC building project.

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

Fiduciary: 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 not available to support the District's own programs. Agency funds are custodial in nature. The District's agency fund accounts for various student-managed activities.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

C. Basis of Presentation

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

Government-wide Financial Statement of Activities: This statement displays information about the District as a whole, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the District's general receipts.

Fund Financial Statements: Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary Funds are reported by type.

D. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the District is pooled and invested. 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 Cash Equivalents". Cash and cash equivalents that are held separately in an account at a financial institution for debt service are reported as "Cash and Cash Equivalents with Fiscal Agent".

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2015, the District invested in Certificates of Deposit Account Registry Services (CDARS) and STAR Ohio. Investments are reported at cost, except for STAR Ohio, STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investment in STAR Ohio is valued at its share price, which is the price the investment could be sold for on June 30, 2015.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$9,310.

E. Restricted Assets

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions. Restricted cash and cash equivalents with fiscal agent in the Bond Retirement Fund include amounts held in escrow for the 2009 Qualified School Construction Bonds that are subject to mandatory sinking fund redemption.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Long-term Obligations

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

J. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

K. Net Position

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

L. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

The statements report interfund loans as advances when made or repaid. There were no unpaid advances as of June 30, 2015.

M. Budgetary Data

Ohio law requires the Board of Education to budget and appropriate all funds, other than agency funds. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The certificate of estimated resources establishes a limit on the amounts 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 the Board selects. The Board of Education uses the fund as its legal

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

level of control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the General Fund budgetary statement comparison at the fund and function level.

The certificate of estimated resources may be amended during the year if the District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

N. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund –type eliminations have not been made in the aggregation of this data.

O. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 9 of the financial statements.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Budgetary Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$153,532 in the General Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds (uniform school supplies and public school support funds) are considered part of the General fund on the cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Net Change in Fund Cash Balance	
	General Fund
Cash Basis	\$287,109
Funds Budgeted Elsewhere	(1,929)
Adjustment for Encumbrances	(153,532)
Budget Basis	\$131,648

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS

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.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

Undeposited Cash: At year end, the District had \$700 in undeposited cash on hand, included on the financial statements as part of equity in pooled cash and cash equivalents.

Cash with Fiscal Agent: At year end, the District had \$1,719,051 in cash and cash equivalents with fiscal agents deposited separate from the District's internal investment pool. This amount is included in the amount of Deposits with Financial Institution and as Investments below.

Deposits with Financial Institutions: At June 30, 2015, the carrying amount of all District deposits was \$6,806,543. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$2,630,702 of the District's bank balance of \$6,888,267 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments

As of June 30, 2015, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities	
		6 months or less	Greater than 24 months
U.S. Treasury Note	\$1,711,486		\$1,711,486
STAR Ohio	1	\$1	
Total	<u>\$1,711,487</u>	<u>\$1</u>	<u>\$1,711,486</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less. 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk: The District's investment in the U.S. Treasury note was rated Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's has no investment policy dealing with credit risk beyond the requirements in State statute.

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 U.S. Treasury note is exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent, but not in

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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 that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
US Treasury Notes	\$1,711,486	100.00
STAR Ohio	1	-
Total	<u>\$1,711,487</u>	<u>100.00</u>

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and Investments per Note</u>	
Carrying amount of deposits	\$6,806,543
Cash on hand	700
Investments	1,711,487
Total	<u>\$8,518,730</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$8,441,486
Agency funds	77,244
Total	<u>\$8,518,730</u>

NOTE 6 - PROPERTY TAXES

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

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes.

Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Putnam County and Allen County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$294,965 in the General Fund, \$73,640 in the Bond Retirement Fund, and \$4,633 in the Classroom Facilities Maintenance Fund. The amount available for advance at June 30, 2014 was \$183,178 in the General Fund, \$39,066 in the Bond Retirement Fund, and \$3,069 in the Classroom Facilities Maintenance Fund. The amount of second-half real property taxes available for advance at fiscal yearend can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 First Half Collections		2015 Second Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural	\$96,836,860	93.13	\$122,416,670	94.13
Commercial/Industrial	3,086,270	2.97	3,157,930	2.43
Public Utility	<u>4,052,460</u>	<u>3.90</u>	<u>4,478,780</u>	<u>3.44</u>
Total	<u><u>\$103,975,590</u></u>	<u><u>100.00</u></u>	<u><u>\$130,053,380</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation	\$33.50		\$33.50	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of 1.00 percent for general operations on the income of residents and of estates. .75 of the tax was effective January 1, 1996 and was renewed until December 31, 2015 and again renewed effective January 1, 2016 and expires December 31, 2020. .25 of the tax was effective January 1, 2010 and expires December 31, 2032. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund and totaled \$1,240,077 for fiscal year 2015.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 8 - RISK MANAGEMENT

A. Risk Pool Membership

The District is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is a member owned organization having approximately 99 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the District's policy. SORSA covers the following risks:

- General Liability
- Automobile Liability
- School Officials Errors and Omissions
- Property
- Crime

The District contributes to the funding, operating and maintaining of the SORSA joint self-insurance pool. The district's contributions cover deductible losses, loss fund contributions, insurance costs, and administration costs.

The District paid \$61,134 in premiums to the pool during fiscal year 2015 for coverage during fiscal year 2016. The District paid \$60,695 in premiums during fiscal year 2014 for coverage in fiscal year 2015.

SORSA financial statements are available by contacting SORSA at:

Schools of Ohio Risk Sharing Authority, Inc.
OSBA Building
8050 North High Street
Columbus, Ohio 43235-6483

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from 2008.

B. Employee Medical Benefits

The District participates as a member of the Putnam County School Insurance Group (the Group), a public entity risk pool, administered by Huntington Trust. The District converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims. In 2015, the District contributed \$786,647 for employees' medical and dental coverage through the Group.

C. Workers' Compensation

For fiscal year 2015 the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), via Comp. Management an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

participant's individual performance is compared to the overall Plan's savings percentage. A participant then either receives money from or contributes to GRP's equity pooling fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The District paid an enrollment fee of \$1,965 to the GRP to cover costs of administering the program.

NOTE 9 - PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions -- between an employer and its employees -- of salaries and benefits for employee services. Pensions are provided to an employee -- on a deferred-payment basis -- as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – the District's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements,

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$162,979 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

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

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$531,348 for fiscal year 2015.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,857,062	\$8,675,930	\$10,532,992
Proportion of the Net Pension Liability	0.036694%	0.0356690%	

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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

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

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

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

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

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,649,477	\$1,857,062	\$1,190,574

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease █ (6.75%)	Current Discount Rate █ (7.75%)	1% Increase █ (8.75%)
School District's proportionate share of the net pension liability	\$12,420,540	\$8,675,930	\$5,509,251

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2015, one member of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

10. Postemployment Benefits

School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 monthly premium for calendar year 2014 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$17,832.

Active members do not contribute to the postemployment benefit plans. The 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 School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$28,575, \$18,953, and \$17,297, respectively. For fiscal year 2015, 84 percent has been contributed. The full amount has been contributed for fiscal years 2014 and 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$9,695, \$9,253 and \$6,788, respectively; 84 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$37,102, and \$29,951 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 11 – DEBT

The changes in the District’s debt obligations during the year consist of the following:

	<u>Balance at 06/30/14</u>	<u>Decrease</u>	<u>Balance at 06/30/15</u>	<u>Amount Due In one Year</u>
2009 Construction and Improvement Bonds:				
- Qualified School Construction Bonds – Series 2009A	\$5,000,000		\$5,000,000	
- Qualified School Construction Bonds – Series 2009B	3,301,617	\$75,000	3,226,617	\$17,391
- Qualified School Construction Bonds – Series 2009C	550,000	50,000	500,000	50,000
Total Long-Term Obligations	<u>\$8,851,617</u>	<u>\$125,000</u>	<u>\$8,726,617</u>	<u>\$67,391</u>

Total expenditures for interest for the above debt for the period ended June 30, 2015 was \$233,903.

2009 Qualified School Construction Bonds, Series 2009A: On October 8, 2009, the District issued \$5,000,000 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The term bond, with an interest rate of 1.64 percent, was issued for a fifteen year period, with final maturity in fiscal year 2025. The bonds are being retired through the Bond Retirement Debt Service Fund.

The bonds are subject to mandatory sinking fund redemption. The District has covenanted that it will make equal annual deposits of \$269,580 to an account maintained with the Bond Registrar on each July 15 until the Bonds mature, commencing July 15, 2010. Such amounts, together with the interest thereon are expected by the District to be sufficient to retire the Bonds upon their final maturity. The remaining sinking fund deposits will be made as follows:

<u>Period</u>	<u>Deposit</u>
07/15/15	269,580
07/15/16	269,580
07/15/17	269,580
07/15/18	269,580
07/15/19	269,580
07/15/20	269,580
07/15/21	269,580
07/15/22	269,580
07/15/23	269,580
07/15/24	269,580

2009 Qualified School Construction Bonds, Series 2009B: On December 2, 2009, the District issued \$3,551,617 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The bond issue included current interest serial, capital appreciation, and current interest term bonds of

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

\$325,000, \$56,617 and \$3,170,000, respectively, and had interest rates ranging from 2.00 to 4.75 percent. The bonds are being retired through the Bond Retirement Debt Service Fund.

The capital appreciation bonds were issued in the aggregate original principal amount of \$56,617 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<u>Maturity Date (January 15)</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2016	\$17,391	\$90,000
2017	14,032	95,000
2018	10,727	95,000
2019	8,199	95,000
2020	6,268	95,000

Capital Appreciation Bonds are not subject to redemption prior to maturity.

The Current Interest Term Bonds maturing on January 15, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$95,000

The remaining principal amount of such Current Interest Term Bonds (\$100,000) will be paid at stated maturity on January 15, 2022.

The Current Interest Term Bonds maturing on January 15, 2025 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$105,000
2024	110,000

The remaining principal amount of such Current Interest Term Bonds (\$115,000) will be paid at stated maturity on January 15, 2025.

The Current Interest Term Bonds maturing on January 15, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$170,000
2027	180,000
2028	185,000

The remaining principal amount of such Current Interest Term Bonds (\$195,000) will be paid at stated maturity on January 15, 2029.

The Current Interest Term Bonds maturing on January 15, 2034 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$205,000
2031	215,000
2032	220,000
2033	230,000

The remaining principal amount of such Current Interest Term Bonds (\$245,000) will be paid at stated maturity on January 15, 2034.

The Current Interest Term Bonds maturing on January 15, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2035	\$255,000
2036	265,000

The remaining principal amount of such Current Interest Term Bonds (\$280,000) will be paid at stated maturity on January 15, 2037.

The Current Interest Bonds maturing after January 15, 2019 are subject to redemption at the option of the District, either in whole, or in part, in such order as the District shall determine, on any date on or after January 15, 2019, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

2009 Qualified School Construction Bonds, Series 2009C: On December 2, 2009, the District issued \$747,770 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The bonds were issued for the acquisition and construction of equipment and facilities. The bond issue consists of a term bond with an interest rate of 1.90 percent maturing on January 15, 2025. The bonds are being retired through the Bond Retirement Debt Service Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

The Bonds maturing on January 15, 2025 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2016	50,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021	50,000
2022	50,000
2023	50,000
2024	50,000

The remaining principal amount of such Current Interest Term Bonds (\$50,000) will be paid at stated maturity on January 15, 2025.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	67,391	304,552	371,943
2017	64,032	311,960	375,992
2018	60,726	314,316	375,042
2019	58,199	315,893	374,092
2020	56,269	316,873	373,142
2021-2025	5,775,000	1,047,163	6,822,163
2026-2030	935,000	522,003	1,457,003
2031-2035	1,165,000	274,625	1,439,625
2036-2037	545,000	39,188	584,188
Total	<u>\$8,726,617</u>	<u>\$3,446,573</u>	<u>\$12,173,190</u>

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of the debt limitations at June 30, 2015 were a voted debt margin of \$2,978,187 and an unvoted debt margin of \$130,053.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 12 – FUND BALANCE

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 governmental funds.

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

Fund Balance	General Fund	Bond Retirement Fund	Building Fund	OSFC Construction Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Athletics					\$46,399	\$46,399
Food Service Operations					59,769	59,769
Debt Retirement		\$2,882,763				2,882,763
Capital Improvements					68,807	68,807
Facilities Maintenance					264,266	264,266
Restricted Programs					60,191	60,191
Building Construction			\$525,977			525,977
Total Restricted		2,882,763	525,977		499,432	3,908,172
Assigned for:						
Other	1,220,164				9,574	1,229,738
Unpaid Obligations	153,532					153,532
Total Assigned	1,373,696				9,574	1,383,270
Unassigned	3,150,044					3,150,044
Total Fund Balance	\$4,523,740	\$2,882,763	\$525,977		\$509,006	\$8,441,486

NOTE 13 - SET-ASIDE CALCULATIONS

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

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

	Capital Maintenance
Set-Aside Reserve Balance June 30, 2015	
Current Year Set Aside Requirement	\$152,178
Current Year Offsets	(152,178)
Set Aside Reserve Balance June 30, 2015	

The set aside is satisfied by the debt service fund that is servicing the OSFC building project.

NOTE 14 - CONTINGENCIES

A. Grants

The District receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2015 will not have a material adverse effect on the District.

B. Litigation

The District is not a party to any legal proceedings.

C. School District Funding

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. 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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

B. Apollo Career Center

The Apollo Career Center (Apollo) is a distinct political subdivision of the State of Ohio established under § 3313.90. Apollo operates under the direction of a Board of Education consisting of one representative from each of the participating school district's elected boards. The Board possesses its own budgeting and taxing authority. Financial information is available from Apollo's Treasurer at 3325 Shawnee Road, Lima, Ohio 45806-1497.

C. State Support Team Region 1

The State Support Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Van Wert, Williams, and Wood counties, and Fostoria Community School in Seneca County. The Educational Service Center of Lake Erie West is the fiscal agent for the SSTR1. Executive Director and Single Point of Contact is Sue Zake. Contact information is available at www.sstr1.org.

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representative from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

NOTE 16 – INTERFUND TRANSFERS

During 2015 the following transfers were made:

		Transfer In			Total
		Bond Retirement Fund	Building Fund	Permanent Improvement	
Transfer Out	Governmental Funds:				
	General	\$310,019			\$310,019
	OSFC Construction Local		\$315,753	\$67,259	383,012
	Total	\$310,019	\$315,753	\$67,259	\$693,031

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

This discussion and analysis of Columbus Grove Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key highlights for 2014 are as follows:

Net position of governmental activities decreased \$185,617, from the prior year. This decrease was mostly due to the expenditure of funds for the Ohio School Facilities Commission school construction project and an increase in General Fund expenditures.

The District's general governmental receipts were \$8,762,646. The majority of these receipts were primarily property taxes and unrestricted state entitlements. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,138,505.

The District had \$10,086,768 in expenses related to governmental activities. Only \$1,138,505 of these expenses were offset by program specific charges for services, grants and contributions. General revenues supporting governmental activities (primarily taxes, unrestricted grants and entitlements) of \$8,762,646 were adequate to provide for these programs.

The District's major governmental funds were the General Fund, Bond Retirement Fund, Building Fund, and Ohio School Facilities Commission (OSFC) Construction Fund. The General Fund had \$8,275,501 in revenues and \$8,539,172 in expenditures and other financing uses. The Bond Retirement Fund had \$852,274 in revenues and other financing sources and \$375,858 in expenditures. The Building Fund had \$119 in revenues and \$78,413 in expenditures. The OSFC Construction Fund had \$97,243 in revenues and \$420,873 in expenditures. During fiscal year 2014, the General Fund balance decreased \$263,671 from \$4,500,302 to \$4,236,631. The Bond Retirement Fund balance increased \$476,416 from \$1,830,763 to \$2,307,179. The Building fund balance decreased \$78,294 from \$358,197 to \$279,903 and the OSFC Construction Fund decreased \$323,630 from \$1,827,633 to \$1,504,003.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. For governmental and business type funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

non-major funds presented in total in a single column. For the District, the General Fund, Bond Retirement Fund, Building Fund, and OSFC Construction Fund are the major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. The District has elected to present its financial statements on the cash basis of accounting. Under the District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

As a result of using the other comprehensive basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2014, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental activities of the District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Factors which contribute to these changes may include, but not limited to, the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and required educational programs.

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services including instruction, support services, non-instructional services, extracurricular activities, capital outlay disbursements, and debt service.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its many activities and to help

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

The funds of the District are split into two categories: governmental and fiduciary. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Bond Retirement Fund, Building Fund, and OSFC Construction Fund.

Governmental Funds – Most of the District activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. Fiduciary Funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs.

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2013 compared to fiscal year 2014 on another comprehensive basis of accounting.

Table 1		
Net Position		
	Governmental Activities 2014	Governmental Activities 2013
Assets:		
Cash and Cash Equivalents	\$8,854,672	\$9,040,289
Net Position:		
Restricted	\$4,598,610	\$4,470,869
Unrestricted	4,256,062	4,569,420
Total Net Position	\$8,854,672	\$9,040,289

Over time, net position can serve as a useful indicator of a government's financial position. At year end, net position was \$8,854,672 for governmental activities.

A portion of the District's net position, \$4,598,610, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$4,256,062 may be used to meet the District's ongoing obligations to the students and creditors.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

The decrease in cash was attributed to the expense of OSFC monies for the District's building project.

Table 2 reflects the changes in net position from the prior year:

Table 2		
Change in Net Position		
	Governmental Activities 2014	Governmental Activities 2013
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$632,360	\$706,737
Operating Grants and Contributions	409,673	426,382
Capital Grants and Contributions	96,472	190,533
Total Program Revenues	1,138,505	1,323,652
General Revenues:		
Property and Other Local Taxes	2,333,368	2,339,064
Income Taxes	1,191,544	1,149,508
Grants and Entitlements Not Restricted to Specific Programs	5,121,899	4,987,586
Gifts and Donations	14,040	18,434
Interest	35,161	44,299
Rent	275	972
Miscellaneous	66,359	118,064
Total General Revenues	8,762,646	8,657,927
Total Revenues	9,901,151	9,981,579
Expenditures:		
Instruction:		
Regular	4,347,439	4,216,407
Special	1,257,857	1,104,120
Vocational	138,275	75,851
Support Services:		
Pupil	270,854	258,942
Instructional Staff	90,627	85,660
Board of Education	21,851	20,760
Administration	598,955	622,440
Fiscal	290,765	269,356
Operation and Maintenance of Plant	740,718	669,484
Pupil Transportation	433,905	382,283
Central	115,298	110,184
Operation of Non-Instructional Services	437,737	349,250
Extracurricular Activities	439,507	476,028

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

Capital Outlay	540,394	2,689,881	
Debt Service	362,586	364,898	
Total Expenditures	10,086,768	11,695,544	
Decrease in Net Position	(185,617)	(1,713,965)	
Net Position, July 1	9,040,289	10,754,254	
Net Position, June 30	\$8,854,672	\$9,040,289	

Net position of the District's governmental activities decreased \$185,617. Total governmental expenses of \$10,068,768 were offset by program revenues of \$1,138,505 and general revenues of \$8,762,646. Program revenues supported the vast majority of the total governmental expenses.

The primary sources of revenue for the governmental activities were Property taxes, income taxes and grant and entitlements not restricted to specific programs which represent 87.33 percent of total governmental revenue. Real estate property is reappraised every six years.

Overall revenues decreased \$80,428 primarily due to the lower receipts from capital grants and contributions. Overall expenditures decreased \$1,608,776 primarily due to a decrease in capital expenditures related to the construction of the District's new school building.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services, grants and contributions off-setting those services. The following table shows the total cost of these services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Current:				
Instruction:				
Regular	\$4,347,439	\$4,047,225	\$4,216,407	\$3,950,761
Special	1,257,857	848,184	1,104,120	677,738
Vocational	138,275	138,275	75,851	75,851
Support Services:				
Pupil	270,854	270,854	258,942	258,942
Instructional Staff	90,627	90,627	85,660	85,660
Board of Education	21,851	21,851	20,760	20,760
Administration	598,955	589,955	622,440	622,440

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

Fiscal	290,765	290,765	269,356	269,356
Operation and Maintenance of Plant	740,718	740,718	669,484	669,484
Pupil Transportation	433,905	433,905	382,283	382,283
Central	115,298	115,298	110,184	110,184
Operation of Non-Instructional Services	437,737	270,258	349,250	154,218
Extracurricular Activities	439,507	274,840	476,028	229,969
Capital Outlay	540,394	443,922	2,689,881	2,499,348
Debt Service	362,586	362,586	364,898	364,898
Total Disbursements	<u>\$10,086,768</u>	<u>\$8,948,263</u>	<u>\$11,695,544</u>	<u>\$10,371,892</u>

The dependence upon tax receipts and unrestricted state entitlements is apparent as a majority of instructional activities are supported through these general receipts. For all governmental activities, general revenue support is 88.71 percent. The remaining 11.29 percent is derived from charges for services, operating grants and contributions, and capital grants and contributions.

The District's Funds

The District's funds are accounted for using the cash basis of accounting. Total combined fund balance of \$8,854,672, which is lower than last year's total of \$9,040,289. The schedule below indicates fund balance and the total change in fund balance as of June 30, 2014 and 2013.

**Table 4
Fund Balance**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>
General	\$4,236,631	\$4,500,302	\$(263,671)
Bond Retirement	2,307,179	1,830,763	476,416
Building	279,903	358,197	(78,294)
OSFC Construction	1,504,003	1,827,633	(323,630)
Other Governmental	<u>526,956</u>	<u>523,394</u>	<u>3,562</u>
Total Fund Balance	<u>\$8,854,672</u>	<u>\$9,040,289</u>	<u>(\$185,617)</u>

The net negative change of \$185,617 in fund balance for the year was primarily attributed to Ohio School Facilities Commission (OSFC) monies expended for the construction of the District's new school building and an increase in General Fund expenditures.

General Fund

The District's General Fund balance decreased by \$263,671.

The table that follows assists in illustrating the financial activities of the General Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

**Table 5
General Fund**

	2014 Amount	2013 Amount
Revenues:		
Taxes	\$3,036,260	\$2,957,966
Tuition	275,327	265,646
Interest	4,695	17,882
Intergovernmental	4,879,891	4,745,033
Other Revenues	79,328	135,625
Total Revenues	<u>\$8,275,501</u>	<u>\$8,122,152</u>
Expenditures:		
Instruction	\$5,437,361	\$5,018,816
Support Services	2,502,780	2,403,143
Operation of Non-Instructional Services		1,199
Extracurricular Activities	260,037	241,766
Capital Outlay	41,108	37,544
Total Expenditures	<u>\$8,241,286</u>	<u>\$7,702,468</u>

General Fund Budgeting Highlights

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

During fiscal year 2014, the District amended its General Fund budget as needed to reflect changing circumstances.

Final estimated revenues were above original amounts by \$9,859. The variance was primarily a result of property tax revenues higher than originally expected. Actual revenues and other financing sources for fiscal year 2014 were \$1,094,844 less than the final estimated revenues and other financing sources. The variance was primarily a result of actual taxes and intergovernmental revenue not as high as budgeted.

General Fund original budgeted appropriations (appropriated expenditures plus other financing uses) of \$9,500,000 were increased to \$9,509,762 in the final budget. The \$9,762 increase was minimal. Actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$8,980,441 which was \$529,321 less than the final budget appropriations. The variance is primarily due to a conservative "worst case scenario" approach. The District over-appropriates and uses a contingency appropriation in case significant, unexpected expenditures arise during the fiscal year.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)

Capital Assets and Debt Administration

Capital Assets

The District's capital assets are not reflected in the cash basis of accounting statements, however the District does track capital assets through the State provided software program.

Debt

At June 30, 2014, the District's outstanding debt included general obligation bonds in the amount of \$8,851,617. Of this total \$125,000 is due within one year and \$8,726,617 is due in more than one year.

The bonds are being retired through the Bond Retirement Fund.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The challenge for all districts is to provide quality educational services to the public while staying within the restrictions imposed by limited funding, and in some cases shrinking funding. The District relies heavily on unrestricted state entitlements and local taxes. The District's five year forecast predicts no deficits in the near future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mark Ellerbrock, Treasurer, Columbus Grove Local School District, 201 West Cross Street, Columbus Grove, Ohio 45830-1237.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$7,442,002
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	1,412,670
Total Assets	<u><u>\$8,854,672</u></u>
Net Position:	
Restricted for:	
Capital Projects	\$1,783,906
Debt Service	2,307,179
Other Purposes	507,525
Unrestricted	4,256,062
Total Net Position	<u><u>\$8,854,672</u></u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Cash Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$4,347,439	\$300,214			(\$4,047,225)
Special	1,257,857		\$409,673		(848,184)
Vocational	138,275				(138,275)
Support Services:					
Pupil	270,854				(270,854)
Instructional Staff	90,627				(90,627)
Board of Education	21,851				(21,851)
Administration	598,955				(598,955)
Fiscal	290,765				(290,765)
Operation and Maintenance of Plant	740,718				(740,718)
Pupil Transportation	433,905				(433,905)
Central	115,298				(115,298)
Operation of Non-Instructional Services	437,737	167,479			(270,258)
Extracurricular Activities	439,507	164,667			(274,840)
Capital Outlay	540,394			\$96,472	(443,922)
Debt Service	362,586				(362,586)
Total Governmental Activities	<u>\$10,086,768</u>	<u>\$632,360</u>	<u>\$409,673</u>	<u>\$96,472</u>	<u>(8,948,263)</u>
General Receipts:					
Property Taxes					2,333,368
Income Taxes					1,191,544
Grants and Entitlements not Restricted to Specific Programs					5,121,899
Gifts and Donations					14,040
Interest					35,161
Rent					275
Miscellaneous					66,359
Total General Receipts					<u>8,762,646</u>
Change in Net Position					(185,617)
Net Position at Beginning of Year					<u>9,040,289</u>
Net Position at End of Year					<u>\$8,854,672</u>

See Accompanying Notes to the Basic Financial Statements

COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>OSFC Construction Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$4,236,631	\$894,509	\$279,903	\$1,504,003	\$526,956	\$7,442,002
Restricted Assets:						
Cash and Cash Equivalents with Fiscal Agent		1,412,670				1,412,670
Total Assets	<u>\$4,236,631</u>	<u>\$2,307,179</u>	<u>\$279,903</u>	<u>\$1,504,003</u>	<u>\$526,956</u>	<u>\$8,854,672</u>
Fund Balances:						
Restricted		\$2,307,179	\$279,903	\$1,504,003	\$507,525	\$4,598,610
Assigned	\$302,441				19,431	321,872
Unassigned	3,934,190					3,934,190
Total Fund Balances	<u>\$4,236,631</u>	<u>\$2,307,179</u>	<u>\$279,903</u>	<u>\$1,504,003</u>	<u>\$526,956</u>	<u>\$8,854,672</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF CASH BASIS RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Bond Retirement Fund	Building Fund	OSFC Construction Fund	All Other Governmental Funds	Total Governmental Funds
RECEIPTS:						
Property Taxes	\$1,844,716	\$452,603			\$36,049	\$2,333,368
Income Tax	1,191,544					1,191,544
Intergovernmental	4,879,891	72,484		\$96,472	579,197	5,628,044
Interest	4,695	29,301	\$119	771	275	35,161
Tuition and Fees	275,327					275,327
Customer Sales and Services	18,146				167,479	185,625
Extracurricular Activities	6,741				164,667	171,408
Contributions and Donations	14,040					14,040
Rentals	275					275
Miscellaneous	40,126				26,233	66,359
Total Receipts	8,275,501	554,388	119	97,243	973,900	9,901,151
DISBURSEMENTS:						
Current:						
Instruction:						
Regular	4,324,732				22,707	4,347,439
Special	974,354				283,503	1,257,857
Vocational	138,275					138,275
Support Services:						
Pupil	270,854					270,854
Instructional Staff	90,627					90,627
Board of Education	21,851					21,851
Administration	595,492				3,463	598,955
Fiscal	276,436	13,272			1,057	290,765
Operation and Maintenance of Plant	704,395				36,323	740,718
Pupil Transportation	433,905					433,905
Central	109,220				6,078	115,298
Operation of Non-Instructional Services					437,737	437,737
Extracurricular Activities	260,037				179,470	439,507
Capital Outlay	41,108		78,413	420,873		540,394
Debt Service:						
Principal Retirement		125,000				125,000
Interest and Fiscal Charges		237,586				237,586
Total Disbursements	8,241,286	375,858	78,413	420,873	970,338	10,086,768
Excess of Revenues Over (Under) Disbursements	34,215	178,530	(78,294)	(323,630)	3,562	(185,617)
Other Financing Sources and (Uses):						
Transfers In		297,886				297,886
Transfers Out	(297,886)					(297,886)
Total Other Financing Sources and (Uses)	(297,886)	297,886				
Net Change in Fund Balances	(263,671)	476,416	(78,294)	(323,630)	3,562	(185,617)
Fund Balances at Beginning of Year	4,500,302	1,830,763	358,197	1,827,633	523,394	9,040,289
Fund Balances at End of Year	\$4,236,631	\$2,307,179	\$279,903	\$1,504,003	\$526,956	\$8,854,672

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
RECEIPTS:				
Property Taxes	\$2,228,924	\$2,238,783	\$1,844,716	(\$394,067)
Income Tax	1,416,768	1,416,768	1,191,544	(225,224)
Intergovernmental	5,388,532	5,388,532	4,879,891	(508,641)
Interest	20,971	20,971	4,695	(16,276)
Tuition and Fees	304,009	304,009	275,327	(28,682)
Rent	92	92	275	183
Contributions and Donations	20,564	20,564	14,040	(6,524)
Customer Sales and Services	17,502	17,502	18,146	644
Miscellaneous	102,638	102,638	36,381	(66,257)
Total Receipts	<u>9,500,000</u>	<u>9,509,859</u>	<u>8,265,015</u>	<u>(1,244,844)</u>
DISBURSEMENTS:				
Current:				
Instruction:				
Regular	4,851,335	4,799,206	4,504,457	294,749
Special	884,925	884,925	986,569	(101,644)
Vocational	84,055	136,184	141,827	(5,643)
Support Services:				
Pupils	288,296	288,296	275,721	12,575
Instructional Staff	101,697	101,600	95,135	6,465
Board of Education	25,985	25,985	22,633	3,352
Administration	736,863	736,863	602,186	134,677
Fiscal	307,614	317,473	281,373	36,100
Operation and Maintenance of Plant	730,564	730,564	738,299	(7,735)
Pupil Transportation	448,369	448,369	484,091	(35,722)
Central	132,316	132,316	110,291	22,025
Food Service Operations	1,315	1,315		1,315
Extracurricular Activities:				
Sport Oriented Activities	301,868	301,868	248,865	53,003
Capital Outlay	47,899	47,899	41,108	6,791
Total Disbursements	<u>8,943,101</u>	<u>8,952,863</u>	<u>8,532,555</u>	<u>420,308</u>
Excess of Receipts Over (Under) Disbursements	<u>556,899</u>	<u>556,996</u>	<u>(267,540)</u>	<u>(824,536)</u>
OTHER FINANCING SOURCES AND (USES):				
Advances In			150,000	150,000
Transfers Out	(394,681)	(394,681)	(297,886)	96,795
Advances Out	(162,218)	(162,218)	(150,000)	12,218
Total Other Financing Sources and (Uses)	<u>(556,899)</u>	<u>(556,899)</u>	<u>(297,886)</u>	<u>259,013</u>
Net Change in Fund Balance		97	(565,426)	(565,523)
Fund Balance at Beginning of Year	4,248,339	4,248,339	4,248,339	
Prior Year Encumbrances Appropriated	249,040	249,040	249,040	
Fund Balance at End of Year	<u>\$4,497,379</u>	<u>\$4,497,476</u>	<u>\$3,931,953</u>	<u>(\$565,523)</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
JUNE 30, 2014**

	<u>Agency Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$60,177</u></u>
Liabilities	
Current Liabilities:	
Undistributed Monies	<u><u>\$60,177</u></u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Columbus Grove Local School District (the District) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it.

A locally-elected five-member Board governs the District, which provides educational services mandated by the State and federal agencies. This Board of Education controls the District's one instructional/support facility staffed by 42 classified employees, 65 certificated full-time personnel, and 4 administrators who provide services to 901 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic 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 the District, this includes general operations, food service, community services, and student-related activities.

Component units are legally separate organizations for which the District can "impose its will," such as by appointing a voting majority of the component unit's governing body. Component units may also include organizations fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District has no component units.

The District has no joint ventures.

The District participates in 3 public entity risk pools and 4 jointly governed organizations. The financial statements exclude these entities which perform activities within the District's boundaries for the benefit of its residents because the District is not financially accountable for these entities nor are these entities fiscally dependent on the District. Notes 8 and 15 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Schools of Ohio Risk Sharing Authority
Putnam County School Insurance Group
Ohio School Boards Association Workers' Compensation Group Rating Program

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative
Apollo Career Center
State Support Team Region 1
Northwest Ohio Special Education Regional Resource Center

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

notes in accordance with the OCBO cash basis of accounting. This is a Governmental Accounting Standards board acceptable reporting comprehensive basis of accounting other than generally accepted accounting principles.

The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Fund Accounting

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

Governmental: The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the District's major governmental funds:

General Fund – The General Fund accounts for all financial resources except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Bond Retirement Fund – The Bond Retirement Fund accounts for resources received from property taxes to pay school improvement general obligation bond principal, interest and related costs.

Building Fund – The Building Fund is used to account for the receipts and disbursements related to the construction of locally funded initiatives related to the Ohio School Facilities Commission (OSFC) building project.

OSFC Construction Fund – The OSFC Construction Fund is used to account for state and local shares of the receipts and disbursements related to the 2009 OSFC building project.

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

Fiduciary: 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 not available to support the District's own programs. Agency funds are custodial in nature. The District's agency fund accounts for various student-managed activities.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

C. Basis of Presentation

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

Government-wide Financial Statement of Activities: This statement displays information about the District as a whole, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the District's general receipts.

Fund Financial Statements: Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary Funds are reported by type.

D. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the District is pooled and invested. 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 Cash Equivalents". Cash and cash equivalents that are held separately in an account at a financial institution for debt service are reported as "Cash and Cash Equivalents with Fiscal Agent".

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2014, the District invested in Certificates of Deposit Account Registry Services (CDARS) and STAR Ohio. Investments are reported at cost, except for STAR Ohio, STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investment in STAR Ohio is valued at its share price, which is the price the investment could be sold for on June 30, 2014.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$4,695.

E. Restricted Assets

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions. Restricted cash and cash equivalents with fiscal agent in the Bond Retirement Fund include amounts held in escrow for the 2009 Qualified School Construction Bonds that are subject to mandatory sinking fund redemption.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Long-term Obligations

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

J. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

K. Net Position

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

L. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

The statements report interfund loans as advances when made or repaid. There were no unpaid advances as of June 30, 2014.

M. Budgetary Data

Ohio law requires the Board of Education to budget and appropriate all funds, other than agency funds. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The certificate of estimated resources establishes a limit on the amounts 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 the Board selects. The Board of Education uses the fund as its legal

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

level of control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the General Fund budgetary statement comparison at the fund and function level.

The certificate of estimated resources may be amended during the year if the District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

N. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund –type eliminations have not been made in the aggregation of this data.

O. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

D. Change in Accounting Principle

GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. Because no value is exchanged, the transaction is not often recorded on the financial statements of the government. However, GASB Statement No. 70 now defines circumstances that require the government to recognize a liability. The statement addresses the guarantee of an obligation by the government entity with a legally separate entity or individual, including another government, a not-for profit organization, a private entity or blended or discretely presented component unit. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

E. Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Budgetary Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$302,441 in the General Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds (uniform school supplies and public school support funds) are considered part of the General fund on the cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Net Change in Fund Cash Balance	
	General Fund
Cash Basis	(\$263,671)
Funds Budgeted Elsewhere	686
Adjustment for Encumbrances	(302,441)
Budget Basis	(\$565,426)

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS

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.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

Undeposited Cash: At year end, the District had \$700 in undeposited cash on hand, included on the financial statements as part of equity in pooled cash and cash equivalents.

Cash with Fiscal Agent: At year end, the District had \$1,412,670 in cash and cash equivalents with fiscal agents deposited separate from the District's internal investment pool. This amount is included in the amount of Deposits with Financial Institution and as Investments below.

Deposits with Financial Institutions: At June 30, 2014, the carrying amount of all District deposits was \$7,502,087. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$4,345,478 of the District's bank balance of \$7,596,087 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments

As of June 30, 2014, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities	
		6 months or less	Greater than 24 months
U.S. Treasury Note	\$1,412,061		\$1,412,061
STAR Ohio	1	\$1	
Total	\$1,412,062	\$1	\$1,412,061

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less. 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk: The District's investment in the U.S. Treasury note was rated Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's has no investment policy dealing with credit risk beyond the requirements in State statute.

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 U.S. Treasury note is exposed to custodial credit risk

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

in that it is 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 that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
US Treasury Notes	\$1,412,061	100.00
STAR Ohio	<u>1</u>	<u> </u>
Total	<u>\$1,412,062</u>	<u>100.00</u>

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and Investments per Note</u>	
Carrying amount of deposits	\$7,502,087
Cash on hand	700
Investments	<u>1,412,062</u>
Total	<u>\$8,914,849</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$8,854,672
Agency funds	<u>60,177</u>
Total	<u>\$8,914,849</u>

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real and public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes for 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2014 were levied after April 1, 2013, on the assessed values as of December 31, 2012, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Putnam County and Allen County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$183,178 in the General Fund, \$39,066 in the Bond Retirement Fund, and \$3,069 in the Classroom Facilities Maintenance Fund. The amount available for advance at June 30, 2013 was \$146,919 in the General Fund, \$31,542 in the Bond Retirement Fund, and \$2,487 in the Classroom Facilities Maintenance Fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	2014 First Half Collections		2013 Second Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural	\$96,836,860	93.13	\$96,019,670	93.26
Commercial/Industrial	3,086,270	2.97	3,089,210	3.00
Public Utility	<u>4,052,460</u>	<u>3.90</u>	<u>3,853,880</u>	<u>3.74</u>
Total	<u>\$103,975,590</u>	<u>100.00</u>	<u>\$102,962,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$33.50		\$33.50	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of 1.00 percent for general operations on the income of residents and of estates. .75 of the tax was effective January 1, 1996 and was renewed until December 31, 2015. .25 of the tax was effective January 1, 2010 and expires December 31, 2032. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund totaled \$1,191,544 for fiscal year 2014.

NOTE 8 - RISK MANAGEMENT

A. Risk Pool Membership

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

The District is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is a member owned organization having approximately 99 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the District's policy. SORSA covers the following risks:

- General Liability
- Automobile Liability
- School Officials Errors and Omissions
- Property
- Crime

The District contributes to the funding, operating and maintaining of the SORSA joint self-insurance pool. The district's contributions cover deductible losses, loss fund contributions, insurance costs, and administration costs.

The District paid \$60,695 in premiums to the pool during fiscal year 2014 for coverage during fiscal year 2015. The District paid \$55,078 in premiums during fiscal year 2013 for coverage in fiscal year 2014.

SORSA financial statements are available by contacting SORSA at:

Schools of Ohio Risk Sharing Authority, Inc.
OSBA Building
8050 North High Street
Columbus, Ohio 43235-6483

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from 2008.

B. Employee Medical Benefits

The District participates as a member of the Putnam County School Insurance Group (the Group), a public entity risk pool, administered by Huntington Trust. The District converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims. In 2014, the District contributed \$738,085 for employees' medical and dental coverage through the Group.

C. Workers' Compensation

For fiscal year 2014 the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each participant's individual performance is compared to the overall Plan's savings percentage. A participant then either receives money from or contributes to GRP's equity pooling fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

to school districts that can meet the GRP's selection criteria. The District paid an enrollment fee of \$1,910 to the GRP to cover costs of administering the program.

NOTE 9 - PENSION PLANS

A. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$482,330, \$389,366, and \$385,465 respectively; 91 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

B. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2014, 13.10 percent of annual covered salary was the portion used to fund pension obligations and death benefits. The remaining .90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers.

Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$159,491, \$119,700, and \$113,773, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30,

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

2014, 2013, and 2012 were \$37,102, \$29,951, and \$29,674, respectively; 91 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. School Employees Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2014, this amount was \$20,250. The District's SERS surcharge amount for 2014 \$17,249.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$18,953, \$17,297, and \$18,355, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was .76 percent of covered payroll. The District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$9,253, \$6,788, and \$6,745, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 11 – DEBT

The changes in the District's debt obligations during the year consist of the following:

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Balance at 06/30/13	Decrease	Balance at 06/30/14	Amount Due In one Year
2009 Construction and Improvement Bonds:				
- Qualified School Construction Bonds – Series 2009A	\$5,000,000		\$5,000,000	
- Qualified School Construction Bonds – Series 2009B	3,376,617	\$75,000	3,301,617	\$75,000
- Qualified School Construction Bonds – Series 2009C	600,000	50,000	550,000	50,000
Total Long-Term Obligations	\$8,976,617	\$125,000	\$8,851,617	\$125,000

Total expenditures for interest for the above debt for the period ended June 30, 2014 was \$237,586.

2009 Qualified School Construction Bonds, Series 2009A: On October 8, 2009, the District issued \$5,000,000 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The term bond, with an interest rate of 1.64 percent, was issued for a fifteen year period, with final maturity in fiscal year 2025. The bonds are being retired through the Bond Retirement Debt Service Fund.

The bonds are subject to mandatory sinking fund redemption. The District has covenanted that it will make equal annual deposits of \$269,580 to an account maintained with the Bond Registrar on each July 15 until the Bonds mature, commencing July 15, 2010. Such amounts, together with the interest thereon are expected by the District to be sufficient to retire the Bonds upon their final maturity. The remaining sinking fund deposits will be made as follows:

Period	Deposit
07/15/14	269,580
07/15/15	269,580
07/15/16	269,580
07/15/17	269,580
07/15/18	269,580
07/15/19	269,580
07/15/20	269,580
07/15/21	269,580
07/15/22	269,580
07/15/23	269,580
07/15/24	269,580

2009 Qualified School Construction Bonds, Series 2009B: On December 2, 2009, the District issued \$3,551,617 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The bond issue included current interest serial, capital appreciation, and current interest term bonds of \$325,000, \$56,617 and \$3,170,000, respectively, and had interest rates ranging from 2.00 to 4.75 percent. The bonds are being retired through the Bond Retirement Debt Service Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

The current interest serial bonds bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (January 15)	Principal Amount	Interest Rate
2015	\$75,000	2.625%

The capital appreciation bonds were issued in the aggregate original principal amount of \$56,617 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Maturity Date (January 15)	Original Principal Amount	Accreted Value at Maturity
2016	\$17,391	\$90,000
2017	14,032	95,000
2018	10,727	95,000
2019	8,199	95,000
2020	6,268	95,000

Capital Appreciation Bonds are not subject to redemption prior to maturity.

The Current Interest Term Bonds maturing on January 15, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2021	\$95,000

The remaining principal amount of such Current Interest Term Bonds (\$100,000) will be paid at stated maturity on January 15, 2022.

The Current Interest Term Bonds maturing on January 15, 2025 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2023	\$105,000
2024	110,000

The remaining principal amount of such Current Interest Term Bonds (\$115,000) will be paid at stated maturity on January 15, 2025.

The Current Interest Term Bonds maturing on January 15, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$170,000
2027	180,000
2028	185,000

The remaining principal amount of such Current Interest Term Bonds (\$195,000) will be paid at stated maturity on January 15, 2029.

The Current Interest Term Bonds maturing on January 15, 2034 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$205,000
2031	215,000
2032	220,000
2033	230,000

The remaining principal amount of such Current Interest Term Bonds (\$245,000) will be paid at stated maturity on January 15, 2034.

The Current Interest Term Bonds maturing on January 15, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2035	\$255,000
2036	265,000

The remaining principal amount of such Current Interest Term Bonds (\$280,000) will be paid at stated maturity on January 15, 2037.

The Current Interest Bonds maturing after January 15, 2019 are subject to redemption at the option of the District, either in whole, or in part, in such order as the District shall determine, on any date on or after January 15, 2019, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

2009 Qualified School Construction Bonds, Series 2009C: On December 2, 2009, the District issued \$747,770 in voted general obligation bonds for constructing, renovating, and equipping school facilities. The bonds were issued for the acquisition and construction of equipment and facilities. The bond issue consists of a term bond with an interest rate of 1.90 percent maturing on January 15, 2025. The bonds are being retired through the Bond Retirement Debt Service Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

The Bonds maturing on January 15, 2025 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2015	50,000
2016	50,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021	50,000
2022	50,000
2023	50,000
2024	50,000

The remaining principal amount of such Current Interest Term Bonds (\$50,000) will be paid at stated maturity on January 15, 2025.

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

Year Ending June 30,	Principal	Interest	Total
2015	\$125,000	\$234,861	\$359,861
2016	67,391	304,552	371,943
2017	64,032	311,960	375,992
2018	60,726	314,316	375,042
2019	58,199	315,893	374,092
2020-2024	666,269	1,197,556	1,863,825
2025-2029	5,895,000	600,308	6,495,308
2030-2034	1,115,000	324,800	1,439,800
2035-2037	800,000	77,188	877,188
Total	\$8,851,617	\$3,681,434	\$12,533,051

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of the debt limitations at June 30, 2014 were a voted debt margin of \$506,186 and an unvoted debt margin of \$103,976.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 12 – FUND BALANCE

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 governmental funds.

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

<u>Fund Balance</u>	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>OSFC Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:						
Athletics					\$68,802	\$68,802
Food Service Operations					91,437	91,437
Debt Retirement		\$2,307,179				2,307,179
Capital Improvements					3,363	3,363
Facilities Maintenance					269,153	269,153
Restricted Programs					74,770	74,770
Building Construction			\$279,903	\$1,504,003		1,783,906
Total Restricted		2,307,179	279,903	1,504,003	507,525	4,598,610
Assigned for:						
Other					19,431	19,431
Unpaid Obligations	\$302,441					302,441
Total Assigned	302,441				19,431	321,872
Unassigned	3,934,190					3,934,190
Total Fund Balance	<u>\$4,236,631</u>	<u>\$2,307,179</u>	<u>\$279,903</u>	<u>\$1,504,003</u>	<u>\$526,956</u>	<u>\$8,854,672</u>

NOTE 13 - SET-ASIDE CALCULATIONS

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

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

	<u>Capital Maintenance</u>
Set-Aside Reserve Balance June 30, 2013	
Current Year Set Aside Requirement	\$152,436
Current Year Offsets	(152,436)
Set Aside Reserve Balance June 30, 2014	<u> </u>

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 14 - CONTINGENCIES

A. Grants

The District receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2014 will not have a material adverse effect on the District.

B. Litigation

The District is not a party to any legal proceedings.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. 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 NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

B. Apollo Career Center

The Apollo Career Center (Apollo) is a distinct political subdivision of the State of Ohio established under § 3313.90. Apollo operates under the direction of a Board of Education consisting of one representative from each of the participating school district's elected boards. The Board possesses its own budgeting and taxing authority. Financial information is available from Apollo's Treasurer at 3325 Shawnee Road, Lima, Ohio 45806-1497.

C. State Support Team Region 1

The State Support Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Van Wert, Williams, and Wood counties, and Fostoria Community School in Seneca County. The Educational Service Center of Lake Erie West is the fiscal agent for the SSTR1. Executive Director and Single Point of Contact is Sue Zake. Contact information is available at www.sstr1.org.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representative from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

NOTE 16 – INTERFUND TRANSFERS

During fiscal year 2014, the General Fund transferred \$297,886 to the Bond Retirement Fund.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



Dave Yost • Auditor of State

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

Columbus Grove Local School District
Putnam County
201 West Cross Street
Columbus Grove, Ohio 45830-1237

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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, Ohio (the District) as of and for the years ended June 30, 2015 and 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 February 10, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 a 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State

Columbus, Ohio

February 10, 2016

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code § 117.38 provides each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District lacked a GASB 34 policy and therefore prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

FINDING NUMBER 2015-002

Material Weakness

Monitoring of Financial Statements

Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The District lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection.

The financial statements contained the following errors:

- At June 30, 2015 transfers in and transfers out in the Building Fund were overstated by \$134,077 due to an intra-fund transfer.
- At June 30, 2015 unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$1,069,527.

- Outstanding encumbrances were not posted to the budget to actual statement resulting in twelve expense line items in the General Fund to be understated by amounts ranging from \$425 to \$89,006 at June 30, 2015.
- Outstanding encumbrances were not posted to the budget to actual statement resulting in eleven expense line items in the General Fund to be understated by amounts ranging from \$782 to \$179,725 at June 30, 2014.

The accompanying financial statements have been adjusted to correct these errors.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements by the Treasurer and the Board, to identify and correct errors and omissions.

Officials' Response:

Management believes that the utilization of prior year cash balance for current budgetary utilization purposes is sometimes necessary and subject to change before fiscal year end.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on basis other than generally accepted accounting principles.	No	Not Corrected. Reissued as Finding 2015-001 in this report.
2013-002	Material weakness for monitoring of financial transactions due to errors in the financial statements.	No	Not Corrected. Reissued as Finding 2015-002 in this report.
2013-003	Material weakness on reporting and budgeting of Ohio Department of Education Grants.	Yes	

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COLUMBUS GROVE LOCAL SCHOOL DISTRICT

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2016**