
ALGER & ASSOCIATES, Inc.



OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

A&A
SINGLE AUDIT

FOR THE YEAR ENDED

June 30, 2015

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Dave Yost • Auditor of State

Board of Education
Olmsted Falls City School District
26937 Bagley Road

We have reviewed the *Independent Auditor's Report* of the Olmsted Falls City School District, Cuyahoga County, prepared by Alger & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 1, 2016

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, 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.

**Alger &
Associates,
Inc.**

Digitally signed by Alger &
Associates, Inc.
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o=Alger & Associates, Inc., ou,
email=galger53@att.net, c=US
Date: 2015.12.15 13:37:18 -05'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, OH
December 15, 2015

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Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The discussion and analysis of Olmsted Falls City District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers may also review the basic financial statements and the notes to those respective statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position totaled (\$19,974,333.)
- Revenue for governmental activities totaled \$44,229,718 in 2015. Of this total, 91.0 percent consisted of general revenues while program revenues accounted for the balance of 9.0 percent.
- Program expenses totaled \$45,428,240. Instructional expenses comprised 60.4 percent of this total, while support services accounted for 31.3 percent. Other expenses rounded out the balance of 8.3 percent.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins on page 17. While this document contains all of the funds used by the District to provide programs and activities, the view of the District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "why" or "why not". The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting which is similar to that used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

All of the District's programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consist of functions that are principally supported by taxes and intergovernmental revenues. Such activities include instruction, support services, food service operations and extracurricular activities among others for the District.

The District has one Business-Type Activity which is the internal service self-insurance fund. It is intended that this fund will recover all or a significant portion of its costs through user fees and charges.

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 19. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Debt Service Bond Retirement Fund.

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

Proprietary Funds – Proprietary funds have historically operated as enterprise and internal service funds using the same basis of accounting as business-type activities. The District has one self-insurance fund.

Fiduciary Funds – The District's private-purpose trust fund accounts for scholarship programs for students. The District's agency funds account for student managed activities, unclaimed monies and services as fiscal agent for two organizations.

Notes to the Basic Financial Statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The District as a Whole

As you may recall, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 compares summaries of the District's net position for 2015 and 2014.

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Net Position
Table 1 - Total Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets			
Current and Other Assets	\$43,291,159	\$47,020,144	(\$3,728,985)
Capital Assets, Net	36,436,741	37,727,579	(1,290,838)
Total Assets	<u>79,727,900</u>	<u>84,747,723</u>	<u>(5,019,823)</u>
Deferred Outflows			
Deferred Charge on Refunding	738,700	112,033	626,667
Pension	3,635,800	3,068,581	567,219
Total Deferred Outflows	<u>4,374,500</u>	<u>3,180,614</u>	<u>1,193,886</u>
Liabilities			
Current and Other Liabilities	6,645,878	6,492,532	153,346
Long Term Liabilities:			
Due Within One Year	1,777,670	1,551,750	225,920
Due In More Than One Year			
Net Pension Liability	49,364,461	58,637,965	(9,273,504)
Other Amounts	18,061,621	19,495,541	(1,433,920)
Total Liabilities	<u>75,849,630</u>	<u>86,177,788</u>	<u>(10,328,158)</u>
Deferred Inflows			
Property Taxes	19,325,372	20,526,360	(1,200,988)
Pension	8,901,731	0	8,901,731
Total Deferred Inflows	<u>28,227,103</u>	<u>20,526,360</u>	<u>7,700,743</u>
Net Position			
Net Investment In			
Capital Assets	21,376,608	20,213,197	1,163,411
Restricted:			
Debt Services	2,664,048	3,546,640	(882,592)
Capital Projects	516,042	564,562	(48,520)
Other Purposes	1,284,058	1,508,746	(224,688)
Unrestricted	(45,815,089)	(44,608,956)	(1,206,133)
Total Net Position	<u>(\$19,974,333)</u>	<u>(\$18,775,811)</u>	<u>(\$1,198,522)</u>

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by the addition of deferred inflows and deferred outflows related to pension activities.

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

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

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

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

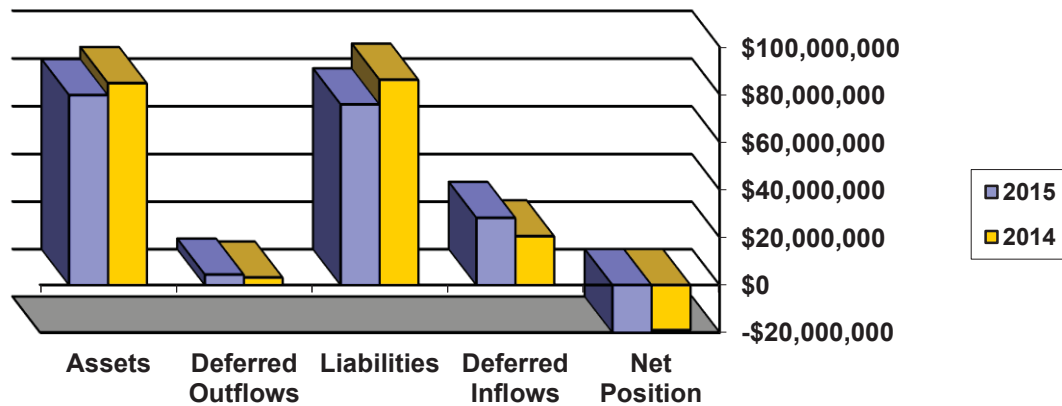
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution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

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$36,793,573 to (\$18,775,811).

Graph 1
Net Position
Governmental Activities



Total assets decreased by \$5,019,823 and deferred outflows increased by \$1,193,886. Property taxes receivable contributed \$27,987,770 or 35.1 percent of total assets. Of this amount \$19,325,372 is offset as deferred inflows, which is revenue to be used in future periods.

Total liabilities for Governmental Activities totaled \$75,849,630; of this amount \$69,203,752 or 91.2 percent is included in long-term liabilities. Total liabilities decreased by \$10,328,158.

By comparing assets and liabilities, one can see the overall position of the District is acceptable. The majority of revenue supporting all Governmental Activities is General revenue. General revenue totaled \$40,263,833 or 91.0 percent of total revenue. The most significant portion of the General revenue is the local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$3,965,885 or 9.0 percent of total revenue.

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 2 shows the changes in net position for fiscal years 2015 and 2014.

Table 2
Changes in Net Position

Table 2 - Governmental Activities

Revenues	2015	2014	Change
Program Revenues:			
Charges for Services and Sales	\$2,503,039	\$2,585,701	(\$82,662)
Operating Grants, Interest and Contributions	1,462,846	1,574,591	(111,745)
<i>Total Program Revenues</i>	<u>3,965,885</u>	<u>4,160,292</u>	<u>(194,407)</u>
General Revenues:			
Property Taxes	23,465,808	27,964,052	(4,498,244)
Grants and Entitlements	16,730,273	15,275,805	1,454,468
Investment Earnings	67,752	30,151	37,601
Total General Revenues	<u>40,263,833</u>	<u>43,270,008</u>	<u>(3,006,175)</u>
Total Revenues	<u>44,229,718</u>	<u>47,430,300</u>	<u>(3,200,582)</u>
Program Expenses			
Instruction	27,428,870	24,573,902	2,854,968
Support Services:			
Pupils and Instructional Staff	3,038,893	3,065,274	(26,381)
Board of Education, Administration			
Fiscal, and Business	3,653,646	3,722,629	(68,983)
Operation and Maintenance of Plant	4,298,454	3,743,181	555,273
Pupil Transportation	2,190,022	2,205,301	(15,279)
Central	1,021,585	894,738	126,847
Operation of Non-Instructional Services:			
Food Service Operations	885,796	1,145,043	(259,247)
Other Non-Instructional Services	195,345	35,874	159,471
Extracurricular Activities	1,837,414	1,710,527	126,887
Interest and Fiscal Charges	878,215	890,367	(12,152)
Total Expenses	<u>45,428,240</u>	<u>41,986,836</u>	<u>3,441,404</u>
Change in Net Position	<u>(1,198,522)</u>	<u>5,443,464</u>	<u>(6,641,986)</u>
<i>Net Position, Beginning of Year</i>	<u>(18,775,811)</u>	N/A	
<i>Net Position, End of Year</i>	<u>(\$19,974,333)</u>	<u>(\$18,775,811)</u>	<u>(\$1,198,522)</u>

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$3,068,581 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned or adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$3,171,911. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 Program Expenses Under GASB 68	\$45,428,240
Pension Expense Under GASB 68	(2,408,834)
2015 Contractually Required Contribution	<u>3,171,911</u>
Adjusted 2015 Program Expenses	46,191,317
Total 2014 Program Expenses Under GASB 27	<u>(41,986,836)</u>
Increase In Program Expenses Not Related To Pension	<u><u>\$4,204,481</u></u>

Program revenues decreased in the amount of \$194,407 primarily due to decreases in charges for services, sales, grants, and contributions.

General revenues decreased by \$3,006,175 mainly due to decreases in property tax revenues.

Total fiscal year 2015 expenses increased by \$3,441,404 due primarily to increases in amounts expended for instruction and operation and maintenance of plant.

Governmental Activities

The District prepared and closely monitored its five-year financial forecast that included forecasted revenues and expenditures for the District's primary General operating fund.

House Bill 920 effectively freezes tax revenue to a specific dollar amount the minute a levy is passed. This House Bill also eliminates any growth from local revenue; therefore, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of academically excellent service.

Although the District relies heavily upon local property taxes to support its operations, the District does actively solicit and receive grant and entitlement funds to help offset some operating costs. Property taxes made up 53.1 percent of revenues for governmental activities for Olmsted Falls City Schools in fiscal year 2015.

Approximately 60.4 percent of the School District's budget is used for instructional expenses. Supporting services for pupils, staff and business operations account for an additional 31.3 percent. The remaining amount of program expenses, roughly 8.3 percent, is budgeted to facilitate other obligations of the District including food service operations, extracurricular activities, and interest and fiscal charges.

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The District's net position decreased in fiscal year 2015 by \$1,198,522.

The Statement of Activities presents information about the cost of program services and the charges for services and any grants offsetting the cost of providing those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Graph 2
Program Expenses

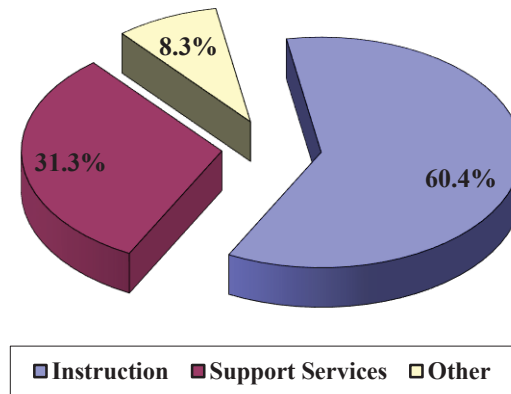


Table 3
Governmental Activities

Programs	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Instruction:				
Regular	\$20,172,457	\$18,695,110	\$17,854,711	\$16,387,583
Special	6,943,241	5,928,146	6,428,097	5,332,224
Vocational	277,986	262,669	256,360	240,572
Other	35,186	33,247	34,734	32,595
Support Services:				
Pupils	1,877,479	1,774,032	2,009,716	1,884,950
Instructional Staff	1,161,414	1,025,482	1,055,558	956,125
Board of Education	216,727	204,786	215,496	202,225
Administration	2,499,863	2,357,693	2,540,642	2,382,180
Fiscal and Business	937,056	885,425	966,491	906,971
Operation and Maintenance of Plant	4,298,454	4,061,615	3,743,181	3,512,662
Pupil Transportation	2,190,022	2,069,355	2,205,301	2,069,491
Central	1,021,585	956,297	894,738	830,637
Food Service Operations	885,796	593,237	1,145,043	711,990
Other Non-Instructional Services	195,345	871	35,874	(119,215)
Extracurricular Activities	1,837,414	1,736,175	1,710,527	1,605,187
Interest and Fiscal Charges	878,215	878,215	890,367	890,367
Total Expenses	\$45,428,240	\$41,462,355	\$41,986,836	\$37,826,544

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The reliance upon local tax revenues for governmental activities is crucial at Olmsted Falls City Schools. About 51.7 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs, investment earnings and other miscellaneous types of revenues support the remaining general activity costs. Program revenues accounted for only 8.7 percent of all governmental expenses.

District Funds

Information pertaining to the District's major funds begins on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$59,775,975 and expenditures and other financing uses of \$58,637,392.

General Fund Budgeting Highlights

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

During the 2015 fiscal year, the School District amended its general fund budget several times.

The General Fund's estimated budget basis revenue totaled \$39,457,985, which was \$1,270,931 greater than the original budget estimate of \$38,187,054. The estimated budget basis expenditures totaled \$40,588,157, which was \$1 less than the original appropriations of \$40,588,158.

The District's ending fund balance totaled \$9,287,230, which was \$2,354,319 higher than the originally budgeted amount.

Capital Assets and Debt Administration

Capital Assets (net of depreciation)

At the end of fiscal year 2015, the District had \$36,436,741 in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 values compared to 2014.

Table 4
Capital Assets (net of depreciation)

	Governmental Activities		Change
	2015	2014	
Land & Land Improvements	\$1,834,718	\$1,834,718	\$0
Buildings and Improvements	30,688,061	32,032,076	(1,344,015)
Furniture and Equipment	2,447,138	2,365,850	81,288
Vehicles	1,466,824	1,494,935	(28,111)
Total	\$36,436,741	\$37,727,579	(\$1,290,838)

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

For more information on capital assets refer to Note 10 of the basic financial statements.

Debt Administration

On June 24, 2015, the District issued \$1,945,000 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 B at interest rates varying from .70% to .80%. Proceeds of these refunding bonds and \$900,000 from the District's Debt Service Bond Retirement Fund were used to refund the 2003 Classroom Facilities Refunding Bonds.

On June 24, 2015 the District issued \$8,624,960 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 A at interest rates varying from 3.00% to 14.70%. Proceeds of these refunding bonds were used to refund \$8,625,000 of the 2007 School Improvement Bonds.

At June 30, 2015, the District had \$15,488,301 in long-term bonds and notes outstanding. Table 5 below summarizes the District's bonds and notes outstanding.

Table 5
Outstanding Debt at Year End

	2015	2014
2003 Classroom Facilities Refunding Bonds:		
Serial Bonds	\$0	\$3,660,000
Premium	0	140,429
Deferred Loss On Refunding	0	(112,033)
2007 School Improvement Bonds:		
Bonds	3,966,997	12,897,591
Premium	132,940	317,580
Discount	(53,424)	(127,632)
2012 Energy Conservation Improvement Bond	428,000	566,000
2013 Tax Anticipation Note	305,000	505,000
2015B Classroom Facilities Refunding Bonds:		
Serial Bonds	1,945,000	0
Deferred Loss On Refunding	(13,345)	0
2015A Classroom Facilities Refunding Bonds:		
Serial Bonds	8,624,960	0
Premium	877,528	0
Deferred Loss On Refunding	(725,355)	0
Totals	\$15,488,301	\$17,846,935

At June 30, 2015, the District's overall legal debt margin was \$33,356,928. The debt is well within permissible limits. The District maintains an A+ bond rating from Standard and Poors. More detailed information is presented in Note 16 of the notes to the basic financial statements.

Olmsted Falls City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

District Outlook

Olmsted Falls City School District has continued to maintain the highest standards of services to our students, parents and community. The District is continually presented with challenges and opportunities.

As the preceding information shows, the District heavily depends on its residential property taxpayers. A previous operating levy for new operating money was a 12.9 mill operating levy that passed in 1999. Through prudent management, the District managed without new operating money until an 8.7 mill levy, that will generate \$4,742,114 annually beginning in January 2011, was approved by voters on February 2, 2010.

The continued financial support of the District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

The District has communicated to the community the extent upon which the District relies upon their support for the major part of its operations, and will continue to work diligently to carefully monitor expenses, staying within the District's five-year financial plan. State law generally prohibits the growth of income generated by local levies rendering revenue relatively constant. Unfortunately, this lack of revenue growth forces the District to come back to the voters from time to time and ask for additional financial support.

The Olmsted Falls City School District has committed itself to financial and educational excellence for many years. This report represents the School District's implementation of the Governmental Accounting Standards Board's (GASB) financial reporting model under Governmental Accounting and Financial Reporting Standards Statement No. 34 (GASB Statement No. 34). Olmsted Falls City School District is committed to continuous improvement in financial reporting to our community.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability over the money it receives. If you have questions about this report or need additional financial information, contact Emily Dales, Treasurer, at Olmsted Falls City School District, 26937 Bagley Road, Olmsted Falls, Ohio 44138, or e-mail at edales@ofcs.net.

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Olmsted Falls City School District

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,774,925
Interest Receivable	5,588
Accounts Receivable	40,894
Intergovernmental Receivable	167,220
Materials and Supplies Inventory	314,762
Property Taxes Receivable	27,987,770
Nondepreciable Capital Assets	1,834,718
Depreciable Capital Assets, Net	34,602,023
<i>Total Assets</i>	<u>79,727,900</u>
Deferred Outflows	
Loss On Refunding	738,700
Pension	3,635,800
<i>Total Deferred Outflows of Resources</i>	<u>4,374,500</u>
Liabilities	
Accounts and Contracts Payable	815,774
Accrued Wages and Benefits Payable	4,470,291
Intergovernmental Payable	691,518
Claims Payable	562,613
Interest Payable	79,576
Unearned Revenue	26,106
Long-Term Liabilities:	
Due Within One Year	1,777,670
Due In More Than One Year:	
Net Pension Liability	49,364,461
Other Amounts Due In More Than One Year	18,061,621
<i>Total Liabilities</i>	<u>75,849,630</u>
Deferred Inflows	
Property Taxes	19,325,372
Pension	8,901,731
<i>Total Deferred Inflows of Resources</i>	<u>28,227,103</u>
Net Position	
Net Investment In Capital Assets	21,376,608
Restricted for:	
Debt Services	2,664,048
Capital Projects	516,042
Other Purposes	1,284,058
Unrestricted	(45,815,089)
<i>Total Net Position</i>	<u>(\$19,974,333)</u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$20,172,457	\$1,159,867	\$317,480	(\$18,695,110)
Special	6,943,241	382,564	632,531	(5,928,146)
Vocational	277,986	15,317	0	(262,669)
Other	35,186	1,939	0	(33,247)
Support Services:				
Pupils	1,877,479	103,447	0	(1,774,032)
Instructional Staff	1,161,414	63,992	71,940	(1,025,482)
Board of Education	216,727	11,941	0	(204,786)
Administration	2,499,863	137,739	4,431	(2,357,693)
Fiscal and Business	937,056	51,631	0	(885,425)
Operation and Maintenance of Plant	4,298,454	236,839	0	(4,061,615)
Pupil Transportation	2,190,022	120,667	0	(2,069,355)
Central	1,021,585	56,288	9,000	(956,297)
Operation of Non-Instructional Services:				
Food Service Operations	885,796	48,806	243,753	(593,237)
Other Non-Instructional Services	195,345	10,763	183,711	(871)
Extracurricular Activities	1,837,414	101,239	0	(1,736,175)
Interest and Fiscal Charges	878,215	0	0	(878,215)
Totals	\$45,428,240	\$2,503,039	\$1,462,846	(41,462,355)

General Revenues

Property Taxes Levied for:

General Purposes	20,418,893
Special Revenue	190,051
Debt Service	1,722,868
Permanent Improvement	1,133,996
Grants and Entitlements not Restricted to Specific Programs	16,730,273
Investment Earnings	67,752

Total General Revenues 40,263,833

Change in Net Position (1,198,522)

Net Position, Beginning of Year
As Restated In Note 3 (18,775,811)

Net Position, End of Year (\$19,974,333)

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Balance Sheet
Governmental Funds
June 30, 2015

	General	Bond Retirement	Other Governmental	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,496,557	\$2,010,657	\$2,096,902	\$14,604,116
Interest Receivable	3,682	1,906	0	5,588
Accounts Receivable	40,817	0	77	40,894
Interfund Receivable	431,898	0	0	431,898
Intergovernmental Receivable	0	0	167,220	167,220
Materials and Supplies Inventory	297,836	0	16,926	314,762
Property Taxes Receivable	24,347,088	1,953,447	1,687,235	27,987,770
<i>Total Assets</i>	<u>\$35,617,878</u>	<u>\$3,966,010</u>	<u>\$3,968,360</u>	<u>\$43,552,248</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts and Contracts Payable	\$309,484	\$0	\$506,290	\$815,774
Accrued Wages and Benefits Payable	4,319,721	0	150,570	4,470,291
Intergovernmental Payable	666,933	0	24,585	691,518
Unearned Revenue	0	0	26,106	26,106
Interfund Payable	0	0	431,898	431,898
<i>Total Liabilities</i>	<u>5,296,138</u>	<u>0</u>	<u>1,139,449</u>	<u>6,435,587</u>
 Deferred Inflows				
Property Taxes	16,849,695	1,301,962	1,173,715	19,325,372
Unavailable Revenue	2,350,770	200,670	340,544	2,891,984
Total Deferred Inflows	<u>19,200,465</u>	<u>1,502,632</u>	<u>1,514,259</u>	<u>22,217,356</u>
 Fund Balances				
Nonspendable	297,836	0	116,926	414,762
Restricted	0	2,463,378	1,333,058	3,796,436
Committed	10,000	0	0	10,000
Assigned	997,352	0	31,887	1,029,239
Unassigned	9,816,087	0	(167,219)	9,648,868
<i>Total Fund Balances</i>	<u>11,121,275</u>	<u>2,463,378</u>	<u>1,314,652</u>	<u>14,899,305</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$35,617,878</u>	<u>\$3,966,010</u>	<u>\$3,968,360</u>	<u>\$43,552,248</u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2015*

Total Governmental Fund Balances	\$14,899,305
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*Amounts reported for governmental activities in the
 statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,436,741
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes, accounts, interest and grants receivable.	2,891,984
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An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(391,804)
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Long-term liabilities not due and payable in the current period and therefore not reported in the funds:	
Tax Anticipation Note Payable	(305,000)
General Obligation Bonds Payable	(15,183,301)
Net Pension Liability	(49,364,461)
Retirement Incentive Payable	(307,752)
Compensated Absences Payable	(3,304,538)
Net of Pension Deferred Inflows and Deferred Outflows	(5,265,931)
Accrued Interest Payable	(79,576)

<i>Net Position of Governmental Activities</i>	<u><u>(\$19,974,333)</u></u>
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See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Bond Retirement	Other Governmental	Total Governmental Funds
Revenues				
Property Taxes	\$23,236,548	\$1,964,034	\$1,484,697	\$26,685,279
Intergovernmental	16,271,608	251,451	1,745,800	18,268,859
Interest	58,750	5,575	1,436	65,761
Tuition and Fees	411,172	0	0	411,172
Extracurricular Activities	340,626	0	145,204	485,830
Contributions and Donations	13,844	0	74,120	87,964
Charges for Services	320,188	0	556,491	876,679
Rentals	44,574	0	0	44,574
Miscellaneous	522,092	0	76,028	598,120
<i>Total Revenues</i>	<u>41,219,402</u>	<u>2,221,060</u>	<u>4,083,776</u>	<u>47,524,238</u>
Expenditures				
Current:				
Instruction:				
Regular	18,165,043	0	867,140	19,032,183
Special	6,311,635	0	645,153	6,956,788
Vocational	201,049	0	0	201,049
Other	17,757	0	0	17,757
Support Services:				
Pupils	2,018,242	0	0	2,018,242
Instructional Staff	1,059,115	0	110,971	1,170,086
Board of Education	216,727	0	0	216,727
Administration	2,592,132	0	8,942	2,601,074
Fiscal	933,477	1,534	1,205	936,216
Operation and Maintenance of Plant	3,769,999	0	520,444	4,290,443
Pupil Transportation	1,884,017	0	148,566	2,032,583
Central	289,285	0	389,249	678,534
Operation of Non-Instructional Services	10,900	0	1,056,157	1,067,057
Extracurricular Activities	1,039,703	0	809,433	1,849,136
Capital Outlay	0	0	103,296	103,296
Debt Service:				
Principal Retirement	138,000	1,037,146	200,000	1,375,146
Interest and Fiscal Charges	8,707	923,806	6,825	939,338
Bond Issuance Costs	0	183,828	0	183,828
<i>Total Expenditures</i>	<u>38,655,788</u>	<u>2,146,314</u>	<u>4,867,381</u>	<u>45,669,483</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,563,614</u>	<u>74,746</u>	<u>(783,605)</u>	<u>1,854,755</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued		10,569,960		10,569,960
Bond Premium		877,528		877,528
Payment To Refunded Bond Escrow Agent		(12,163,660)		(12,163,660)
Transfers In	0	0	804,249	804,249
Transfers Out	(754,500)	0	(49,749)	(804,249)
<i>Total Other Financing Sources (Uses)</i>	<u>(754,500)</u>	<u>(716,172)</u>	<u>754,500</u>	<u>(716,172)</u>
<i>Net Change in Fund Balances</i>	1,809,114	(641,426)	(29,105)	1,138,583
<i>Fund Balances, Beginning of Year</i>	<u>9,312,161</u>	<u>3,104,804</u>	<u>1,343,757</u>	<u>13,760,722</u>
<i>Fund Balances, End of Year</i>	<u>\$11,121,275</u>	<u>\$2,463,378</u>	<u>\$1,314,652</u>	<u>\$14,899,305</u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds \$1,138,583

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

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

Capital Outlay	808,309	
Depreciation	<u>(2,091,741)</u>	(1,283,432)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from a sale. In the statement of activities, a gain or loss is reported for each disposal. (7,406)

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

Property taxes	(3,219,471)	
Interest revenues	1,991	
Grant and other revenues	<u>(77,040)</u>	(3,294,520)

Some expenses, such as retirement incentive and compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (523,967)

The issuance of long-term debt (e.g., bonds, leases, and capital leases) provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,336,269

Pension activities effect Net Pension Liability, Deferred Inflows, and Deferred Outflows in the statement of activities but governmental funds are not effected. 938,992

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (503,041)

Change in Net Position of Governmental Activities (\$1,198,522)

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$21,915,000	\$22,023,324	\$22,005,783	(\$17,541)
Intergovernmental	15,571,104	16,116,606	16,271,608	155,002
Interest	20,000	20,000	59,103	39,103
Tuition and Fees	70,000	70,000	177,025	107,025
Rentals	32,750	32,750	44,574	11,824
Charges for Services	226,000	226,000	320,188	94,188
Miscellaneous	102,200	384,309	491,494	107,185
<i>Total Revenues</i>	37,937,054	38,872,989	39,369,775	496,786
Expenditures				
Current:				
Instruction:				
Regular	18,440,676	18,174,277	17,779,611	394,666
Special	6,626,256	6,636,256	6,550,842	85,414
Vocational	199,104	199,104	210,890	(11,786)
Adult/Continuing	42,043	42,043	17,429	24,614
Support Services:				
Pupils	2,095,417	2,115,417	2,085,420	29,997
Instructional Staff	1,197,435	1,197,435	1,102,077	95,358
Board of Education	383,935	383,935	259,616	124,319
Administration	2,631,523	2,631,523	2,623,599	7,924
Fiscal	1,112,145	1,112,145	961,701	150,444
Operation and Maintenance of Plant	3,852,744	3,852,744	4,131,251	(278,507)
Pupil Transportation	1,935,805	1,935,805	1,964,075	(28,270)
Central	353,381	353,381	334,242	19,139
Operations of Non-Instructional Services:				
Food Services Operations	9,770	9,770	10,843	(1,073)
Extracurricular Activities	611,218	611,218	636,855	(25,637)
Debt Service:				
Principal Retirement	138,000	138,000	138,000	0
Interest and Fiscal Charges	8,706	8,706	8,707	(1)
<i>Total Expenditures</i>	39,638,158	39,401,759	38,815,158	586,601
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,701,104)	(528,770)	554,617	1,083,387
Other Financing Sources (Uses)				
Advances In	250,000	584,996	584,996	0
Advances Out	(250,000)	(431,898)	(431,898)	0
Transfers Out	(700,000)	(754,500)	(754,500)	0
<i>Net Change in Fund Balance</i>	(2,401,104)	(1,130,172)	(46,785)	1,083,387
<i>Fund Balance, Beginning of Year</i>	7,994,813	7,994,813	7,994,813	0
Prior Year Encumbrances Appropriated	1,339,202	1,339,202	1,339,202	0
<i>Fund Balance, End of Year</i>	\$6,932,911	\$8,203,843	\$9,287,230	\$1,083,387

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2015

	Governmental Activities Self- Insurance Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$170,809
Liabilities	
Claims Payable	<u>562,613</u>
Net Position	
Unrestricted	<u><u>(\$391,804)</u></u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	Governmental Activities Self- Insurance Fund
Operating Revenues	
Charges for Services	\$4,886,059
Operating Expenses	
Purchased Services	5,389,100
<i>Operating Income</i>	(503,041)
<i>Net Position, Beginning of Year</i>	111,237
<i>Net Position, End of Year</i>	(\$391,804)

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Customers	\$4,886,059
Cash Payments for Claims and Administrative Services	<u>(5,406,748)</u>
<i>Net Cash Provided by Operating Activities</i>	(520,689)
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>691,498</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u><u>\$170,809</u></u>
<i>Reconciliation of Operating Income to</i>	
<i>Net Cash Provided by Operating Activities</i>	
<i>Operating Income</i>	<u>(\$503,041)</u>
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Decrease in Liabilities:	
Claims Payable	<u>(17,648)</u>
<i>Net Cash Used by Operating Activities</i>	<u><u>(\$520,689)</u></u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Fiduciary Net Position
 June 30, 2015

	Private Purpose Trust Fund	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$5,143	\$153,114
Accounts Receivable	0	15
<i>Total Assets</i>	\$5,143	\$153,129
 Liabilities		
Accounts Payable	\$0	\$3,559
Due to Students	0	58,883
Undistributed Monies	0	90,687
<i>Total Liabilities</i>	\$0	\$153,129
 Net Position		
Held in Trust for Individuals	\$5,143	\$0

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Statement of Changes In Fiduciary Net Position
June 30, 2015

	Private Purpose Trust Fund
Additions:	
Gifts and Contributions	\$4,576
Deductions:	
Scholarships Awarded	<u>4,775</u>
<i>Change In Net Position</i>	(199)
<i>Net Position At Beginning of Year</i>	<u>5,342</u>
<i>Net Position At End of Year</i>	<u><u>\$5,143</u></u>

See accompanying notes to the basic financial statements

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Olmsted Falls City School District (District) operates under a locally-elected five member Board and provides educational services as mandated by State statute and federal guidelines.

The District includes the City of Olmsted Falls, Olmsted Township, small portions of the Cities of Berea and North Olmsted, and a small portion of Columbia Township. All of the communities served are located in Cuyahoga County with the exception of Columbia Township, which is located in Lorain County. The District is staffed by 230 certificated, 164 non-certificated, and 19 administrative personnel who provide services to 3,731 students and other community members. The District currently operates an early childhood center (Pre K-K), primary school (1-3), an intermediate school (4-5), a middle school (6-8) and a high school (9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of funds, agencies, departments and offices that are not legally separate from the District. For Olmsted Falls City School District, the agencies and departments provide the following services: general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are the North Coast Council, formerly Lake Erie Educational Computer Association (LEECA), the Ohio Schools Council Association, the Polaris Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Note 18, Note 19 and Note 20 of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund statements, which provide a more detailed level of financial information.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses. These statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

Fund Financial Statements – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The internal service fund is presented in a single column on the face of the internal service fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

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

General Fund The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Debt Service Fund The bond retirement fund is used to account for the accumulation of property tax revenues for, the payment of general obligation bonds.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

B. Fund Accounting (Continued)

Other governmental funds of the District are used to account for grants and other resources whose uses are restricted to a particular purpose.

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The District has an internal service fund and no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to governments, on a cost reimbursement basis. The School District's internal service fund is:

Self-Insurance Fund This fund accounts for monies received from other funds and employees as payment for providing medical hospitalization, dental, and vision insurance benefits. The self-insurance fund may make payments for services provided to employees, reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, other reinsurance, or other similar purposes.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e.; revenues) and decreases (i.e.; expenses) in total net position.

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

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and pension revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, interest revenue, and grant revenue. Deferred inflows of resources related to pensions are reported on the government-wide statement of net position.

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

F. Cash and Cash Equivalents

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

During the fiscal year, investments were limited to Federal Home Loan Mortgage Corporation securities, Federal Farm Credit Bank securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The District only invested in STAR Ohio.

The District invested funds in STAR Ohio during fiscal 2015. 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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2015 amounted to \$58,750.

Investments with original maturities 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 are reported as investments.

G. Restricted Assets

Assets are restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets at fiscal year-end.

H. Inventory

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

I. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	15-40 years
Furniture and Equipment	5-15 years
Vehicles	5-10 years
Textbooks	5-10 years

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

J. Bond Premium and Discount

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are reported in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the bonds payable. On the fund financial statements, bond discounts are expensed in the year the bonds are issued.

Bond issuance costs are expensed when incurred.

K. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for employees after nine years of current service with the District.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "accrued wages and benefits payable" in the general fund.

M. Accrued Liabilities and Long-Term Obligations

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

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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

N. Net Position

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

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

O. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted 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 District Board of Education.

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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

P. Interfund Activity

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental activities column on the statement of net position.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the funds. All revenues and expenses not meeting this definition are reported as non-operating.

R. Extraordinary and Special Items

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

S. Estimates

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

T. Pensions

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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the District implemented the 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.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$36,793,573
Adjustments:	
Net Pension Liability	(58,637,965)
Deferred Outflow - Payments Subsequent To Measurement Date	3,068,581
Restated Net Position June 30, 2014	(\$18,775,811)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances and a deficit net position as of June 30, 2015:

Special Revenue Funds:

IDEA Part B	\$ 62,690
Title I	101,627
Improving Teacher Quality	2,902

Proprietary Fund:

Health self-insurance	391,804
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The deficits in the special revenue funds and the proprietary fund resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$1,809,114
Net Adjustment for Revenue Accruals	(1,264,631)
Net Adjustment for Expenditure Accruals	406,085
Adjustment for Encumbrances	(997,353)
Budget Basis	<u><u>(\$46,785)</u></u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 – FUND BALANCES

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

	General	Bond Retirement	Other Governmental	Total Governmental Funds
Nonspendable				
Inventory	\$297,836	\$0	\$16,926	\$314,762
Nonexpendable Permanent Fund	0	0	100,000	100,000
Total Nonspendable	297,836	0	116,926	414,762
Restricted				
Debt Services	0	2,463,378	0	2,463,378
Permanent Improvements	0	0	364,134	364,134
Nonexpendable Permanent Fund	0	0	319	319
Food Service Operations	0	0	62,758	62,758
Expendable Trust Fund	0	0	31,330	31,330
Maintenance Fund	0	0	648,667	648,667
Athletics	0	0	225,850	225,850
Total Restricted	0	2,463,378	1,333,058	3,796,436
Committed				
Other Purposes	10,000	0	0	10,000
Assigned				
Other Purposes	997,352	0	31,887	1,029,239
Unassigned				
	9,816,087	0	(167,219)	9,648,868
Total Fund Balances	<u>\$11,121,275</u>	<u>\$2,463,378</u>	<u>\$1,314,652</u>	<u>\$14,899,305</u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

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

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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash on Hand At year end, the District had \$1,700 in undeposited cash on hand which is included on the balance sheet of the District as part of equity in pooled cash and cash equivalents.

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$11,436,322 and the bank balance was \$11,678,326. Of the bank balance:

1. \$3,478,461 of the bank balance was covered by depository insurance; and
2. \$8,199,865 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$8,199,865 of the District's bank balance of \$11,678,326 was exposed to custodial risk as discussed below, while \$3,478,461 was covered by FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>13 to 18 months</u>	<u>Greater than 24 months</u>
FHLMC	\$1,750,000	\$ -	\$1,750,000	\$ -
FFCB	499,625	-	-	499,625
STAROhio	<u>1,245,535</u>	<u>1,245,535</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,495,160</u>	<u>\$1,245,535</u>	<u>\$1,750,000</u>	<u>\$499,625</u>

The weighted average maturity of investments is 1.28 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates and according to state law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. STAR Ohio was rated AAAm by Standard & Pooors. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial 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 investment or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to credit custodial credit risk in that they are uninsured, unregistered and held by counterpart’s trust department or agent, but not in the District’s name.

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 percentages of each investment type held by the District at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLMC	\$1,750,000	50.07
FFCB	499,625	14.29
STAR Ohio	<u>1,245,535</u>	<u>35.64</u>
Total	<u>\$3,495,160</u>	<u>100.00</u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – DEPOSITS AND INVESTMENTS - (Continued)

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above, to cash and investments as reported on the Statement of Net Position as of June 30, 2015:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$11,436,322
Investments	3,495,160
Cash on hand	<u>1,700</u>
Total	<u><u>\$14,933,182</u></u>
 <u>Cash and Investments per Statement of Net Position</u>	
Unrestricted and Restricted Cash	\$14,774,925
Private Purpose Trust Fund and Agency Fund	<u>158,257</u>
Total	<u><u>\$14,933,182</u></u>

NOTE 8 - 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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013 on the assessed value listed as of January 1, 2013 the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2014 were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Cuyahoga County and Lorain County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available for advance at June 30, 2015 was \$5,150,305 in the general fund, \$450,815 in the bond retirement debt service fund, \$297,655 in the permanent improvement fund, and \$42,541 in the classroom facilities maintenance special revenue fund.

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

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$487,338,680	97.49%	\$496,627,880	97.41%
Public Utility Personal	<u>12,555,260</u>	<u>2.51%</u>	<u>13,183,900</u>	<u>2.59%</u>
Total	<u><u>\$499,893,940</u></u>	<u><u>100.00%</u></u>	<u><u>\$509,811,780</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation:	\$102.20		\$102.20	

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, accounts (rent, tuition, and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental Activities	
Taxes	\$27,987,770
Accounts	40,894
Intergovernmental	167,220
Accrued interest	5,588
Total governmental activities	<u><u>\$28,201,472</u></u>

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,834,718	\$0	\$0	\$1,834,718
<i>Capital Assets, being Depreciated</i>				
Buildings and Improvements	50,851,414	3,748	0	50,855,162
Furniture and Equipment	11,040,082	680,924	(56,332)	11,664,674
Vehicles	3,494,479	123,637	(32,763)	3,585,353
<i>Total Capital Assets, being Depreciated</i>	<u>\$65,385,975</u>	<u>\$808,309</u>	<u>(\$89,095)</u>	<u>\$66,105,189</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(18,819,338)	(1,347,763)	0	(20,167,101)
Furniture and Equipment	(8,674,232)	(593,323)	50,019	(9,217,536)
Vehicles	(1,999,544)	(150,655)	31,670	(2,118,529)
<i>Total Accumulated Depreciation</i>	<u>(29,493,114)</u>	<u>(2,091,741)</u>	<u>81,689</u>	<u>(31,503,166)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>35,892,861</u>	<u>(1,283,432)</u>	<u>(7,406)</u>	<u>34,602,023</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$37,727,579</u></u>	<u><u>(\$1,283,432)</u></u>	<u><u>(\$7,406)</u></u>	<u><u>\$36,436,741</u></u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 – CAPITAL ASSETS - (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,454,736
Special	8,763
Other	44,293
Support Services:	
Pupils	9,272
Instructional Staff	1,973
Administration	2,958
Fiscal	2,065
Operation and Maintenance of Plant	49,656
Pupil Transportation	150,329
Central	343,051
Operation of Non-Instructional Services	12,445
Extracurricular	12,200
Total Depreciation Expense	<u><u>\$2,091,741</u></u>

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for property insurance. The primary deductibles are \$0 for property coverage. Professional liability is protected by the SORSA for all Board Members, administrators and employees with a limit of \$15,000,000 per occurrence and \$15,000,000 aggregate limit.

The Hylant Administrative Services Company maintains a \$20,000 public official bond each for the Superintendent and the Board President. A \$20,000 public officials bond for the treasurer is maintained with Harcum-Hyre Insurance. Other employees handling money are covered by a blanket bond in the amount of \$100,000.

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the immediate Past President of the Ohio School Boards Association. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The District provides health, prescription drugs, dental and vision insurance benefits to eligible employees who elect to participate. These benefits are partially self-insured as a result of the District's participation in the Great Lakes Regional Council of Governments. At fiscal year-end, self-insurance was in effect with stop-loss of \$250,000 per person and an aggregate stop-loss of 125% of expected claims for medical and prescription. Excess losses are insured by Medical Mutual of Ohio.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 11 – RISK MANAGEMENT - (Continued)

The accounting for the self-insurance operation is maintained in the internal service fund. The internal service fund accounts for receipts of premiums from employees and other School District funds. The internal service fund also accounts for payments of claims and administrative fees.

The claims liability of \$562,613, which is reported in the internal service fund as of June 30, 2015, is based on unpaid claims costs, including an estimate for claims which have been incurred but not reported. The estimate was provided by an actuary and the third party administrator. The change in the claims liability for the last two years is presented in the following table:

	<u>Beginning of Year</u>	<u>Incurred Claims</u>	<u>Claims Payments</u>	<u>End of Year</u>
2014	\$0	\$4,481,775	\$3,901,514	\$580,261
2015	\$580,261	\$5,389,100	\$5,406,748	\$562,613

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

Ohio Revised Code limits the 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.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced 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 \$752,231 for fiscal year 2015. Of this amount \$198,472 is reported as an intergovernmental payable.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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 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 District’s contractually required contribution to STRS was \$2,372,879 for fiscal year 2015. Of this amount \$401,796 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$10,170,522	\$39,193,939	\$49,364,461
Proportion of the Net Pension Liability	0.200961%	0.1611360%	
Pension Expense	\$598,110	\$1,810,724	\$2,408,834

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$86,562	\$377,327	\$463,889
School District contributions subsequent to the measurement date	799,032	2,372,879	3,171,911
Total Deferred Outflows of Resources	\$885,594	\$2,750,206	\$3,635,800
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,650,704	\$7,251,027	\$8,901,731

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

\$3,171,911 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$390,817)	(\$1,718,427)	(\$2,109,244)
2017	(390,817)	(1,718,427)	(2,109,244)
2018	(390,817)	(1,718,427)	(2,109,244)
2019	(391,690)	(1,718,420)	(2,110,110)
Total	(\$1,564,141)	(\$6,873,701)	(\$8,437,842)

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.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

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		Long-Term Expected	
	Allocation		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	%		

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$14,510,313	\$10,170,522	\$6,520,383

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, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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

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

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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		Long-Term Expected	
	Allocation		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 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:

	Current		
	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$56,109,450	\$39,193,939	\$24,888,315

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. 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 (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 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 2015, the surcharge amount was \$136,940.

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 contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$183,740, \$107,612 and \$106,420 respectively; 75.16 percent has been contributed for fiscal year 2015 and 100 percent 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 \$42,234, \$41,768 and \$40,632 respectively; 75.16 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 - POSTEMPLOYMENT BENEFITS- (Continued)

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 and 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. Beginning July 1, 2014 (fiscal year 2015), 0% was allocated. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$164,269 and \$162,758 respectively; 2015 is N/A and 100% has been contributed for fiscal years 2014 and 2013.

NOTE 14 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty five days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is one-fourth of accrued, but unused sick leave credit to a maximum payment of 90 days.

B. Retirement Incentive

Certified Employees:

Any teacher who has not been eligible to retire prior to July 1, 2003 under the State Teachers Retirement System (STRS) pursuant to Ohio Revised Code Section 3307.38 and any applicable STRS regulations and who becomes eligible to retire can receive a retirement incentive of \$1,200 for each year of STRS service up to a maximum of thirty years, if the teacher retires at the end of the school year in which the teacher first becomes eligible. If an eligible teacher has not yet completed thirty years of service and does not retire at the end of the school year in which the teacher first becomes eligible, the teacher will have one more opportunity to take advantage of this incentive by retiring at the end of the school year which the teacher completes thirty years of service. This incentive, combined with any severance pay entitlement will be paid in three installments over a period of three years, with any lump sum severance pay to be issued within thirty days of the effective date of the teacher's retirement; 50 percent of the retirement incentive to be payable one year following the teacher's effective retirement date, with the remaining 50 percent to be paid two years after the effective date of retirement. To be eligible for this incentive, the teacher must submit a resignation on for before March 1 of the school year in which the teacher first becomes eligible to retire and must retire no later than June 30 of that school year. The teacher seeking this retirement incentive is responsible for insuring the Board has accurate information regarding the teacher's service credit. The Board will provide a courtesy reminder of the teacher's eligibility for this incentive by December 15 of the school year in which the teacher is first eligible for retirement. This courtesy does not impact the teacher's notice requirements.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 14 – OTHER EMPLOYEE BENEFITS – (Continued)

Classified Employees:

Any employee who has not been eligible to retire prior to July 1, 2004 under the School Employees Retirement System (SERS) pursuant to Ohio Revised Code Section 3309.34 and any applicable SERS regulations and who becomes eligible to retire can receive a retirement incentive of 50 percent of the employee’s base wage at the time of retirement, excluding overtime, bonuses, extra trips or “extra” compensation if the employee retires at the end of the school year in which the employee first becomes eligible. If the employee has not yet completed 30 years of SERS service and does not retire at the end of the school year in which the employee first becomes eligible, the employee will have one more opportunity to take advantage of this incentive by retiring during or at the end of the school year in which the employee completes 30 years of SERS service. This incentive, combined with any severance pay entitlements, will be paid in three installments, with any lump sum severance pay to be issued within 30 days of proof of retirement and 50 percent of the retirement incentive to be payable the first pay period in July following the next full fiscal year following the date of retirement. The balance of the incentive will be payable the first pay period in July following two full fiscal years after the employee’s effective retirement date. To be eligible for this incentive, the employee must submit a resignation 90 days prior to the employee’s date of retirement.

C. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is equal to double the employee’s annual salary amount rounded to the nearest one thousand dollars. Life insurance is covered through Metropolitan Life Insurance.

NOTE 15 – OPERATING LEASES

The School District is obligated under certain leases that are required to be accounted for as operating leases. During 2015, expenditures for operating leases totaled \$116,279. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015.

<u>Year Ending June 30</u>	
2016	\$116,279
2017	100,187
2018	41,952
2019	41,952
Total	<u><u>\$300,370</u></u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's long-term notes and bonds are:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Long-term Note:			
Tax Anticipation Note - 2013	1.50%	\$700,000	August 1, 2016
General Obligation Bonds:			
Classroom Facilities Refunding - 2003	2.0-14.065%	5,789,978	December 15, 2017
School Improvement - 2007	4.0-11.793%	14,755,972	December 1, 2035
Energy Conservation Improvement - 2012	1.75%	700,000	December 1, 2017
Classroom Facilities Refunding - 2015 B	.7 - .85%	1,945,000	December 1, 2016
Classroom Facilities Refunding - 2015 A	3.0-14.7%	8,624,960	December 1, 2035

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - LONG-TERM OBLIGATIONS – (Continued)

The following is a schedule of the changes in long-term obligations during fiscal year 2015:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due in <u>One Year</u>
Governmental Activities:					
Long-term Note:					
2013 Tax Anticipation Note	\$505,000	\$0	(\$200,000)	\$305,000	\$205,000
<i>Total long term notes</i>	\$505,000	\$0	(\$200,000)	\$305,000	\$205,000
General Obligation Bonds:					
2003 Classroom Facilities Refunding					
Serial Bonds	\$3,660,000	\$0	(\$3,660,000)	\$0	\$0
Capital Appreciation Bonds	0	0	0	0	0
Accretion on Capital Appreciation Bonds	0	0	0	0	0
Premium	140,429	0	(140,429)	0	0
Deferred Loss on Refunding	(112,033)	0	112,033	0	0
2007 School Improvement Bonds					
Serial Bonds	11,865,000	0	(8,625,000)	3,240,000	157,966
Capital Appreciation Bonds	475,972	0	(177,143)	298,829	0
Accretion on Capital Appreciation Bonds	556,619	99,406	(227,857)	428,168	0
Premium	317,580	0	(184,640)	132,940	0
Discount	(127,632)	0	74,208	(53,424)	0
2012 Energy Conservation Improvement Bond	566,000	0	(138,000)	428,000	140,000
2015 B Classroom Facilities Refunding Bonds					
Serial Bonds	0	1,945,000	0	1,945,000	950,000
Deferred Loss on Refunding	0	(13,345)	0	(13,345)	0
2015 A Classroom Facilities Refunding Bonds					
Serial Bonds	0	8,465,000	0	8,465,000	45,000
Capital Appreciation Bond	0	159,960	0	159,960	0
Premium	0	877,528	0	877,528	0
Deferred Loss on Refunding	0	(725,355)	0	(725,355)	0
<i>Total General Obligation Bonds</i>	\$17,341,935	\$10,808,194	(\$12,966,828)	\$15,183,301	\$1,292,966
Net Pension Liability:					
STRS	\$46,687,459			\$39,193,939	\$0
SERS	11,950,506			10,170,522	0
<i>Total Net Pension Liability</i>	\$58,637,965	\$0	\$0	\$49,364,461	\$0
Retirement Incentive	144,864	244,320	(81,432)	307,752	81,432
Compensated absences	2,943,459	476,960	(115,881)	3,304,538	198,272
Total governmental activities long-term liabilities	<u>\$79,573,223</u>	<u>\$11,529,474</u>	<u>(\$13,364,141)</u>	<u>\$68,465,052</u>	<u>\$1,777,670</u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - LONG-TERM OBLIGATIONS – (Continued)

All long-term notes and general obligation bonds will be paid from property taxes. Compensated absences will be paid from the general fund.

On August 13, 2003, the District issued \$5,709,978 in voted general obligation bonds which included \$5,260,000 in serial bonds and \$449,978 in capital appreciation bonds at interest rates varying from 2% to 14.065%. The general obligation bonds were issued for the purpose of refunding a portion of the 1995 classroom facilities improvement bonds to take advantage of lower interest rates. The bonds were issued at a premium of \$351,071. The serial bonds were issued for a 15 year period with a final maturity at December 15, 2017. The capital appreciation bonds were issued for a 12 year period with a final maturity at December 15, 2014. These bonds were refunded on June 24, 2015, as explained below.

On September 13, 2007, the District issued \$14,280,000 in general obligation bonds for the purpose of adding to, constructing, furnishing, equipping and otherwise improving District buildings and facilities. Some of the bonds were sold at a premium of \$406,206 and some of the bonds were sold at a discount of \$163,249. The bonds have varying interest rates between 4% to 5%, and a final maturity date of December 1, 2035. Voters passed the 2 mill bond issue in May 2007 to fund payment of these bonds.

The 2007 general obligation bonds include \$475,972 in capital appreciation bonds. The capital appreciation bonds were issued for a 10 year period with a final maturity at December 1, 2016. For the fiscal year 2015, \$99,406 was accreted. The bonds are being retired from the bond retirement fund.

On June 24, 2015, the District issued \$1,945,000 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 B at interest rates varying from .70 percent to .85 percent. Proceeds of these refunding bonds and \$900,000 from the District's Debt Service Bond Retirement Fund were used to partially refund the 2003 Classroom Facilities Refunding Bonds.

The Series 2015 B bonds were sold at a par. Proceeds of \$2,813,345 (including \$900,000 from the District's Debt Service Bond Retirement Fund and after a \$31,655 reduction for underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded portion of the 2003 Classroom Facilities Refunding Bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$13,345. The difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2017. The District decreased its total debt service payments by \$115,786 as a result of the current refunding. The District also incurred an economic gain (difference between present values of old and new debt service payments) of \$95,166.

The Series 2015 B serial bonds were issued for a two year period with a final maturity at December 1, 2016.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - LONG-TERM OBLIGATIONS – (Continued)

On June 24, 2015, the District also issued \$8,624,960 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 A bonds, which included \$8,465,000 in serial bonds and \$159,960 in capital appreciation bonds at interest rates varying from 3.00 percent to 14.70 percent. Proceeds of these refunding bonds were used to refund \$8,625,000 of the outstanding 2007 School Improvement Bonds.

The Series 2015 A bonds were sold at a premium of \$877,528. Proceeds of \$9,350,315 (after an \$152,173 reduction for underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded portion of the 2007 School Improvement Bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$725,355. The difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2036. The District decreased its total debt service payments by \$1,209,292 as a result of the current refunding. The District also incurred an economic gain (difference between present values of old and new debt service payments) of \$920,363.

The Series 2015 A serial bonds were issued for a twenty-one year period with a final maturity at December 1, 2035.

The District's overall legal debt margin was \$33,356,928 with an unvoted debt margin of \$1,485,828 at June 30, 2015. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2015, are as follows:

Fiscal Year Ending	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$1,135,000	\$308,380	\$1,443,380	\$157,966	\$392,493	\$550,459
2017	1,188,000	318,267	1,506,267	140,863	409,596	550,459
2018	600,000	446,865	1,046,865	0	0	0
2019	475,000	426,453	901,453	0	0	0
2020	490,000	406,741	896,741	0	0	0
2021 - 2025	2,170,000	1,705,684	3,875,684	159,960	450,040	610,000
2026 - 2030	3,235,000	1,259,950	4,494,950	0	0	0
2031 - 2035	3,905,000	578,900	4,483,900	0	0	0
2036	880,000	17,600	897,600	0	0	0
Total	\$14,078,000	\$5,468,840	\$19,546,840	\$458,789	\$1,252,129	\$1,710,918

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 17 - SET ASIDES

The District is required by state statute to annually set-aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be 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 reserves. Disclosure of this information is required by State statute.

	Capital Improvement <u>Reserve</u>
Set-aside balance as of June 30, 2014	\$0
Current year set-aside requirement	625,374
Qualifying Disbursements	<u>1,341,758</u>
Total	<u>(716,384)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2015	<u>\$0</u>

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

North Coast Council

The North Coast Council (NCC), formerly Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty-two School Districts and the Educational Service Centers of Cuyahoga County and Lorain County. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the school districts support NCC based upon a per pupil charge dependent upon the software package utilized. NCC is governed by a Board of Directors chosen from the general membership of the NCC Assembly. Each year the Board of Directors elects a Chairman, a Vice Chairman, and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Board of Education serves as fiscal agent of NCC. The Olmsted Falls City School District paid \$88,389 to NCC/LEECA for fiscal year 2015. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as the fiscal agent, at 5700 West Canal Road, Valleyview, Ohio 44125.

Ohio Schools Council Association

The Ohio Schools Council Association (the “Council”) is a jointly governed organization comprised of one hundred and twenty-one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council’s Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2015, the District paid \$2,543 to the Council for membership and other services. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Polaris Career Center

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of students. The Board of Education is comprised of representatives from the boards of each participating school district. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Olmsted Falls City School District students may attend the Polaris Career Center. Each participating school district’s control is limited to its representation on the board. The School District did not contribute financially to Polaris Career Center during this fiscal year. Financial information can be obtained by contacting the Treasurer at Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130.

NOTE 19 – INSURANCE PURCHASING POOL

The District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker’s 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 worker’s compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity pooling” arrangement insures that each participant share 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.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 20 – RISK SHARING POOL

The District participated in the Schools Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 65 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors comprised of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain a copy of the SORSA financial statements, write SORSA Executive Director at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

NOTE 21 - CONTINGENCIES

A. Grants

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 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 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.

B. Litigation

The District is not aware of any legal proceedings that may have a material effect on the financial condition of the District.

NOTE 22 - INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2015, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$431,898</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

The interfund receivable in the General fund represents the balance of interfund loans made to the Permanent Improvement Fund, Special Education Part B-IDEA, Title I, and Improving Teacher Quality Title II-A funds (nonmajor governmental funds). The interfund loan balance represents the fiscal year-end balance of interfund loans.

Olmsted Falls City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 22 - INTERFUND TRANSACTIONS – (Continued)

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

B. During the year ended June 30, 2015, the General Fund transferred \$754,500 to the Athletics Fund, which is a component fund of the Non-major Other Governmental Funds, to subsidize Athletics Fund operations. Also the Building Fund and Classroom Facilities Construction Fund transferred \$27,989 and \$21,760 respectively, to the Classroom Facilities Maintenance Fund. These transfers were transacted because the Ohio Facilities Construction Commission project was closed out and the remaining monies on hand, after the project was completed, were transferred into the Classroom Facilities Maintenance Fund where they are available to help maintain the new buildings. The Building Fund, Classroom Facilities Construction Fund, and Classroom Facilities Maintenance Fund are all component funds of the Non-major Other Governmental Funds.

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Olmsted Falls City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Position Liability	0.200961%	0.200961%
District's Proportionate Share of the Net Pension Liability	\$10,170,522	\$11,950,506
District's Covered-Employee Payroll	\$5,495,751	\$5,490,764
District's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	185.06%	217.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available

Olmsted Falls City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Position Liability	0.161136%	0.161136%
District's Proportionate Share of the Net Pension Liability	\$39,193,939	\$46,687,459
District's Covered-Employee Payroll	\$16,422,689	\$16,275,849
District's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	238.66%	286.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available

Olmsted Falls City School District
Required Supplementary Information
Schedule of the District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$752,231	\$761,711	\$759,922	\$732,438	\$691,264	\$733,869	\$549,425	\$515,426	\$531,762	\$499,625
Contributions in Relation to the Contractually Required Contribution	(752,231)	(761,711)	(759,922)	(732,438)	(691,264)	(733,869)	(549,425)	(515,426)	(531,762)	(499,625)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered Payroll	\$5,707,371	\$5,495,751	\$5,490,764	\$5,445,633	\$5,499,315	\$5,420,011	\$5,583,585	\$5,248,742	\$4,979,049	\$4,722,352
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Olmsted Falls City School District
Required Supplementary Information
Schedule of the District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$2,372,879	\$2,134,950	\$2,115,860	\$2,151,006	\$2,154,269	\$2,118,625	\$2,230,106	\$2,141,425	\$2,046,577	\$1,962,600
Contributions in Relation to the Contractually Required Contribution	(2,372,879)	(2,134,950)	(2,115,860)	(2,151,006)	(2,154,269)	(2,118,625)	(2,230,106)	(2,141,425)	(2,046,577)	(1,962,600)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered Payroll	\$16,949,134	\$16,422,689	\$16,275,849	\$16,546,200	\$16,571,300	\$16,297,112	\$17,154,664	\$16,472,501	\$15,742,903	\$15,096,926
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Olmsted Falls City School District
Cuyahoga County, Ohio**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules:

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$ 37,156	\$ -	\$ 37,156	\$ -
National School Lunch Program		10.555	221,592	51,253	221,592	51,253
Total - Nutrition Cluster			258,748	51,253	258,748	51,253
Total U.S. Department of Agriculture			<u>258,748</u>	<u>51,253</u>	<u>258,748</u>	<u>51,253</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies Cluster						
Title I Grants to Local Educational Agencies	2014	84.010	95,639	0	45,362	0
Title I Grants to Local Educational Agencies	2015	84.010	199,981	0	258,720	0
Total Title I Grants to Local Educational Agencies			<u>295,620</u>	<u>0</u>	<u>304,082</u>	<u>0</u>
Special Education Cluster:						
Special Education Grants to States IDEA B	2014	84.027	140,781	0	31,241	0
Special Education Grants to States IDEA B	2015	84.027	584,416	0	643,198	0
Special Education Grants to States	2013	84.173	20,688	0	20,688	0
Total Special Education Cluster			<u>745,885</u>	<u>0</u>	<u>695,127</u>	<u>0</u>
Total State Grants for Innovative Programs						
Title IIA Improving Teacher Quality State Grants						
Improving Teacher Quality State Grants	2014	84.367	6,252	0	278	0
Improving Teacher Quality State Grants	2015	84.367	69,593	0	71,126	0
Total Improving Teacher Quality State Grants			<u>75,845</u>	<u>0</u>	<u>71,404</u>	<u>0</u>
Total U.S. Department of Education			<u>1,117,350</u>	<u>0</u>	<u>1,070,613</u>	<u>0</u>
Total Federal Financial Assistance			<u><u>\$1,376,098</u></u>	<u><u>\$51,253</u></u>	<u><u>\$1,329,361</u></u>	<u><u>\$51,253</u></u>

The notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Olmsted Falls City School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Olmsted Falls City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

6927 Burgundy Ave. N.W.
North Canton, OH 44720
Phone (330) 353-5851 Fax (330) 768-7574

Opinion on the Major Federal Program

In our opinion, the Olmsted Falls City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

**Alger &
Associates, Inc.**
Alger & Associates, Inc.
Certified Public Accountants
North Canton, OH
December 15, 2015

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2015, wherein we noted the District implemented Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

**Alger &
Associates, Inc.**

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Alger & Associates, Inc.
Certified Public Accountants
North Canton, OH
December 15, 2015

OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Educational Cluster CFDA 84.027 and 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL COMPLIANCE

None

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Dave Yost • Auditor of State

OLMSTED FALLS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2016**