



Dave Yost • Auditor of State

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SENECA COUNTY**

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SENECA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

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 Clyde-Green Springs Exempted Village School District, Sandusky 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 Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund 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 Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB 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 Federal Awards Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 21, 2016

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**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

The management's discussion and analysis of the Clyde-Green Springs Exempted Village School District's (the "District") 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 should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$683,965, which represents a 14.54% increase from 2014 net position, as restated.
- General revenues accounted for \$21,686,658 in revenue or 81.67% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,868,204 or 18.33% of total revenues of \$26,554,862.
- The District had \$25,870,897 in expenses related to governmental activities; only \$4,868,204 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$21,686,658 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$22,825,778 in revenues and other financing sources and \$21,558,679 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased from \$3,816,465 to \$5,083,564.
- The bond retirement fund had \$4,302,085 in revenues and other financing sources and \$2,074,766 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased from \$1,037,155 to \$3,264,474.

Using these Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

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 only major governmental funds are the general fund and 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 accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

	Net Position	
	Governmental Activities	Restated Governmental Activities
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and other assets	\$ 17,475,849	\$ 17,564,025
Capital assets, net	<u>40,044,798</u>	<u>40,768,764</u>
Total assets	<u>57,520,647</u>	<u>58,332,789</u>
<u>Deferred outflows of resources</u>		
Pensions	<u>1,840,708</u>	<u>1,476,240</u>
Total deferred outflows of resources	<u>1,840,708</u>	<u>1,476,240</u>
<u>Liabilities</u>		
Current liabilities	2,084,660	2,071,739
Long-term liabilities:		
Due within one year	1,152,613	1,395,028
Due in more than one year:		
Net pension liability	24,999,913	29,707,775
Other amounts	<u>25,122,506</u>	<u>25,866,296</u>
Long-term liabilities	<u>51,275,032</u>	<u>56,969,099</u>
Total liabilities	<u>53,359,692</u>	<u>59,040,838</u>
<u>Deferred inflows of resources</u>		
Other amounts	5,497,798	5,472,407
Pensions	<u>4,524,116</u>	<u>-</u>
Total deferred inflows of resources	<u>10,021,914</u>	<u>5,472,407</u>
<u>Net position</u>		
Net investment in capital assets	16,899,835	19,667,375
Restricted	3,943,151	2,626,631
Unrestricted (deficit)	<u>(24,863,237)</u>	<u>(26,998,222)</u>
Total net position (deficit)	<u>\$ (4,020,251)</u>	<u>\$ (4,704,216)</u>

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 adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

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 the administration of the plan.

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

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

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 \$23,527,319 to \$(4,704,216).

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

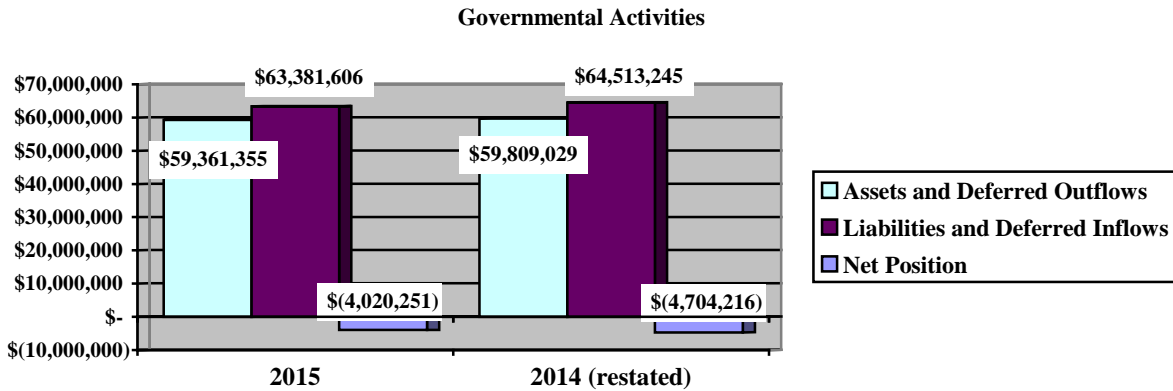
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,020,251.

At year-end, capital assets represented 69.62% of total assets. Capital assets include land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2015 was \$16,899,835. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$3,943,151, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$(24,863,237).

The graph below shows the District's assets and deferred outflows, liabilities and deferred inflows and net position as of June 30, 2015 and 2014. Amounts for 2014 have been restated as described in Note 3.A.



The table below shows the change in net position for fiscal years 2015 and 2014. Net position for 2014 has been restated as described in Note 3.A.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

	Change in Net Position	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,825,233	\$ 1,552,850
Operating grants and contributions	3,042,971	3,085,635
General revenues:		
Property taxes	6,705,266	6,986,134
Income taxes	2,259,400	2,203,534
Payments in lieu of taxes	121,828	103,992
Grants and entitlements	12,336,949	11,112,153
Investment earnings	29,403	28,815
Other	<u>233,812</u>	<u>131,751</u>
Total revenues	<u>\$ 26,554,862</u>	<u>\$ 25,204,864</u>
		--continued

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

	Change in Net Position - (Continued)	
<u>Expenses</u>	Governmental Activities 2015	Restated Governmental Activities 2014
Program expenses:		
Instruction:		
Regular	\$ 10,711,705	\$ 10,319,040
Special	2,745,214	2,788,171
Vocational	121,705	104,148
Other	991,775	866,777
Support services:		
Pupil	1,678,873	1,532,405
Instructional staff	635,336	915,586
Board of education	16,314	20,376
Administration	1,758,953	1,836,136
Fiscal	529,579	566,538
Business	7,847	9,240
Operations and maintenance	2,151,611	2,043,027
Pupil transportation	1,162,683	870,811
Central	149,292	156,203
Operation of non-instructional services:		
Other non-instructional services	601	2,252
Food service operations	1,267,170	1,241,695
Extracurricular activities	638,106	653,606
Interest and fiscal charges	1,304,133	1,264,106
Bond issuance costs	-	73,169
Total expenses	<u>25,870,897</u>	<u>25,263,286</u>
Special item	-	(5,117,849)
Change in net position	683,965	(5,176,271)
Net position at beginning of year	<u>(4,704,216)</u>	<u>N/A</u>
Net position at end of year	<u>\$ (4,020,251)</u>	<u>\$ (4,704,216)</u>

Governmental Activities

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 \$1,476,240 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, 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 \$1,056,779.

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

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

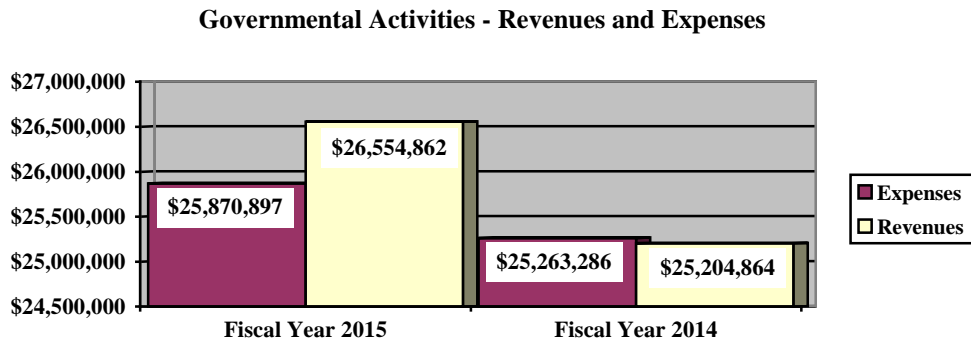
Total 2015 program expenses under GASB 68	\$ 25,870,897
Pension expense under GASB 68	(1,056,779)
2015 contractually required contributions	<u>1,604,993</u>
Adjusted 2015 program expenses	26,419,111
Total 2014 program expenses under GASB 27	<u>25,263,286</u>
Increase in program expenses not related to pensions	<u>\$ 1,155,825</u>

Net position of the District's governmental activities increased \$683,965. Total governmental expenses of \$25,870,897 were offset by program revenues of \$4,868,204 and general revenues of \$21,686,658. Program revenues supported 18.82% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 80.22% of total governmental revenue and account for the majority of the increase in revenues. Unrestricted grants and entitlements for the District consist primarily of revenues from the State Foundation program. The increase in charges for services and sales is mostly related to an increase in open enrollment revenues for the District.

Overall, expenses in 2015 were comparable to the prior year. The largest expense of the District is for instructional programs. Instruction expenses totaled \$14,570,399 or 56.32% of total governmental expenses for fiscal year 2015.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by taxes revenue and other general revenues.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

Governmental Activities				
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses				
Instruction:				
Regular	\$ 10,711,705	\$ 9,331,157	\$ 10,319,040	\$ 9,162,368
Special	2,745,214	853,993	2,788,171	922,254
Vocational	121,705	100,449	104,148	88,905
Other	991,775	991,775	866,777	866,777
Support services:				
Pupil	1,678,873	1,626,598	1,532,405	1,489,322
Instructional staff	635,336	631,819	915,586	912,858
Board of education	16,314	16,314	20,376	20,376
Administration	1,758,953	1,656,247	1,836,136	1,707,974
Fiscal	529,579	529,579	566,538	566,538
Business	7,847	7,847	9,240	9,240
Operations and maintenance	2,151,611	2,129,241	2,043,027	2,021,715
Pupil transportation	1,162,683	1,118,097	870,811	844,642
Central	149,292	128,970	156,203	131,491
Operation of non-instructional services:				
Other non-instructional services	601	330	2,252	1,295
Food service operations	1,267,170	188,873	1,241,695	167,361
Extracurricular activities	638,106	387,271	653,606	374,410
Interest and fiscal charges	1,304,133	1,304,133	1,264,106	1,264,106
Bond issuance costs	-	-	73,169	73,169
Total expenses	<u>\$ 25,870,897</u>	<u>\$ 21,002,693</u>	<u>\$ 25,263,286</u>	<u>\$ 20,624,801</u>

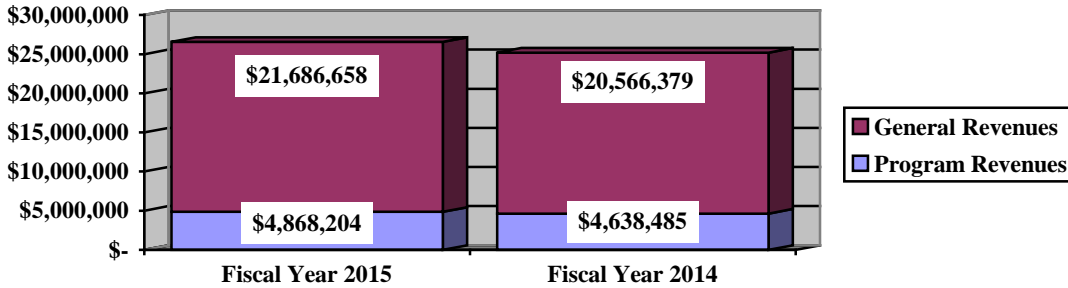
The dependence upon tax and other general revenues for governmental activities is apparent; 77.40% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.18%. The District's taxpayers and unrestricted grants and entitlements are the primary support for District's students.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$9,474,314, which is \$64,250 more than last year's total of \$9,410,064. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

Fund	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	Increase <u>(Decrease)</u>
General	\$ 5,083,564	\$ 3,816,465	\$ 1,267,099
Bond retirement	3,264,474	1,037,155	2,227,319
Nonmajor governmental funds	<u>1,126,276</u>	<u>4,556,444</u>	<u>(3,430,168)</u>
Total	<u>\$ 9,474,314</u>	<u>\$ 9,410,064</u>	<u>\$ 64,250</u>

General Fund

Both revenues and expenditures in the general fund increased compared to the prior year. As mentioned previously, Foundation revenue increased for the District which accounts for most of the increase in intergovernmental revenue. Tuition revenue also increased considerably, which is due to an increase in open enrollment students in 2015. The decrease in taxes revenue is mainly the result of fluctuations in the amount of tax collected and available for advance at fiscal year-end. These amounts are recorded as revenue and can vary based on the date the tax bills are sent.

The increase in expenditures is primarily due to an increase in staff. In addition, the District financed the purchase of computer equipment from the general fund in 2015.

The table that follows helps illustrate the financial activity and change in fund balance for the general fund.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 8,318,339	\$ 8,673,586	\$ (355,247)	(4.10) %
Tuition	970,068	732,019	238,049	32.52 %
Earnings on investments	16,894	7,881	9,013	114.36 %
Intergovernmental	13,129,096	11,930,623	1,198,473	10.05 %
Other revenues	<u>386,426</u>	<u>352,733</u>	<u>33,693</u>	9.55 %
Total	<u>\$ 22,820,823</u>	<u>\$ 21,696,842</u>	<u>\$ 1,123,981</u>	5.18 %
<u>Expenditures</u>				
Instruction	\$ 12,248,535	\$ 11,442,971	805,564	7.04 %
Support services	7,173,810	6,937,112	236,698	3.41 %
Non-instructional services	-	80	(80)	(100.00) %
Extracurricular activities	398,279	356,386	41,893	11.75 %
Facilities acquisition and construction	<u>94,948</u>	<u>2,393</u>	<u>92,555</u>	3,867.74 %
Total	<u>\$ 19,915,572</u>	<u>\$ 18,738,942</u>	<u>\$ 1,176,630</u>	6.28 %

Bond Retirement Fund

The bond retirement fund is used to account for proceeds from a tax levy which are used for principal and interest payments on the District's long-term debt obligations. The bond retirement fund had \$4,302,085 in revenues and other financing sources and \$2,074,766 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased from \$1,037,155 to \$3,264,474. This significant increase is due to a transfer of \$3,828,732 from the classroom facilities fund which was made in order to close out the fund.

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.

For the general fund, original and final budgeted revenues and other financing sources were \$22,223,708. Actual revenues and other financing sources for fiscal year 2015 were \$22,928,803, which is \$705,095 (3.17%) higher than the final budget. The positive variances between the final budget and actual amounts are due to the District's conservative approach to budgeting in not revising the original budget to reflect increases in revenue throughout the year.

General fund original appropriations (appropriated expenditures including other financing uses) of \$22,158,503 were increased slightly to \$22,356,214 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$21,868,353, which is \$487,861 (2.18%) less than the final budget appropriations.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$40,044,798 invested in land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal year 2015 balances compared to 2014:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Land	\$ 817,741	\$ 876,301
Improvements other than buildings	1,686,048	1,850,117
Building and improvements	32,943,600	33,949,049
Furniture and equipment	4,220,049	3,577,733
Vehicles	377,360	515,564
Total	\$ 40,044,798	\$ 40,768,764

The overall decrease in capital assets is due to depreciation expense of \$1,973,362 and disposals (net of accumulated depreciation) of \$91,787 exceeding capital outlays of \$1,341,183.

See Note 10 in the notes to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2015, the District had \$23,852,908 in general obligation bonds outstanding. Of this total, \$1,089,075 is due within one year and \$22,763,833 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2015	2014
General obligation bonds	\$ 23,852,908	\$ 24,326,100
Lease purchase obligations	-	363,724
Total	\$ 23,852,908	\$ 24,689,824

See Note 11 in the notes to the basic financial statements for additional information on the District's debt administration.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

Current Financial Related Activities

The District strives to maintain the highest standards of service to its students, parents and community. This has been accomplished despite the financial challenges the local, state and national economy place on it.

Whirlpool Corporation is the largest employer in the area and maintains a stable workforce of approximately 3,000 employees with an additional 900 temporary employees. Revere Plastics, a major Whirlpool supplier, also located in Clyde, employs approximately 460 in the city.

Enrollment is stable and increasing slightly although the District is currently "capped" for funding so the increase in students does not increase state aid. Additional housing opportunities in the District currently being developed should lead to increases in future years. A major school facilities building program completed in fiscal year 2010 is having a positive impact on enrollment. The District implemented all day/every day kindergarten and a one-to-one Chromebook initiative for grades 5-12 for the 2014-2015 school year. Open enrollment is a positive factor for the District and a source of revenue.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Reductions in State funding since 2009 as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the State played a part in the deficit spending in the general fund that the District experienced in fiscal years 2009, 2010 and 2011. The District addressed its deficit spending by making a number of significant reductions in expenditures since 2009. Fiscal years 2012, 2013, 2014, and 2015 ended in a positive surplus for the general fund. The latest State biennium budget included increases of 6.25% in fiscal year 2014 and 10% in fiscal year 2015. The District has passed several recent renewal levies. The most recent operating renewal levy was passed in 2014 and changed the term from 5 to 10 years.

In 2014 the District closed out an OSFC building project with a surplus due to bid savings during the recession. The Board of Education pledged the savings to bond retirement which freed up the income tax to be used for a stadium renovation. The renovation began in fiscal year 2015 and includes new grandstands, stadium lighting and press box, refurbished tennis courts and track facilities. The local booster club donated a new athletic locker room building and public restrooms to the project.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Joyce Dupont, Treasurer, Clyde-Green Springs EVSD, 106 South Main Street, Clyde, Ohio 43410.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,436,052
Receivables:	
Property taxes	6,987,603
Income taxes	636,457
Payment in lieu of taxes	81,782
Accounts	1,264
Accrued interest	11,275
Intergovernmental	173,477
Prepayments	131,257
Materials and supplies inventory	7,724
Inventory held for resale	8,958
Capital assets:	
Nondepreciable capital assets	817,741
Depreciable capital assets, net	39,227,057
Capital assets, net	<u>40,044,798</u>
Total assets	<u>57,520,647</u>
Deferred outflows of resources:	
Pension - STRS	1,441,919
Pension - SERS	398,789
Total deferred outflows of resources	<u>1,840,708</u>
Liabilities:	
Accounts payable	56,808
Accrued wages and benefits payable	1,534,823
Intergovernmental payable	78,267
Pension and postemployment benefits payable	325,788
Accrued interest payable	77,127
Claims payable	11,847
Long-term liabilities:	
Due within one year	1,152,613
Due in more than one year:	
Net pension liability (See Note 14)	24,999,913
Other amounts due in more than one year	25,122,506
Total liabilities	<u>53,359,692</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,290,677
Payment in lieu of taxes levied for the next fiscal year	81,782
Unamortized deferred charges on debt refunding	125,339
Pension - STRS	3,802,273
Pension - SERS	721,843
Total deferred inflows of resources	<u>10,021,914</u>
Net position:	
Net investment in capital assets	16,899,835
Restricted for:	
Capital projects	315,314
Classroom facilities maintenance	470,523
Debt service	1,766,110
Federally funded programs	57,814
Student activities	24,120
Other purposes	1,309,270
Unrestricted (deficit)	(24,863,237)
Total net position (deficit)	<u>\$ (4,020,251)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 10,711,705	\$ 989,859	\$ 390,689	\$ (9,331,157)
Special	2,745,214	78,337	1,812,884	(853,993)
Vocational	121,705	-	21,256	(100,449)
Other	991,775	-	-	(991,775)
Support services:				
Pupil.	1,678,873	-	52,275	(1,626,598)
Instructional staff	635,336	-	3,517	(631,819)
Board of education	16,314	-	-	(16,314)
Administration.	1,758,953	6,333	96,373	(1,656,247)
Fiscal.	529,579	-	-	(529,579)
Business.	7,847	-	-	(7,847)
Operations and maintenance	2,151,611	4,770	17,600	(2,129,241)
Pupil transportation.	1,162,683	-	44,586	(1,118,097)
Central	149,292	-	20,322	(128,970)
Operation of non-instructional services:				
Other non-instructional services	601	-	271	(330)
Food service operations	1,267,170	498,939	579,358	(188,873)
Extracurricular activities.	638,106	246,995	3,840	(387,271)
Interest and fiscal charges	1,304,133	-	-	(1,304,133)
Total governmental activities	\$ 25,870,897	\$ 1,825,233	\$ 3,042,971	(21,002,693)

General revenues:

Property taxes levied for:	
General purposes.	6,163,530
Debt service	355,658
Capital projects.	186,078
Payments in lieu of taxes.	121,828
School district income tax	2,259,400
Grants and entitlements not restricted to specific programs.	12,336,949
Investment earnings.	29,403
Miscellaneous	233,812
Total general revenues.	21,686,658
Change in net position.	683,965
Net position (deficit) at beginning of year (restated)	(4,704,216)
Net position (deficit) at end of year	\$ (4,020,251)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,973,655	\$ 3,198,678	\$ 1,263,719	\$ 9,436,052
Receivables:				
Property taxes	6,435,679	356,484	195,440	6,987,603
Income taxes	636,457	-	-	636,457
Payment in lieu of taxes	81,782	-	-	81,782
Accounts	1,264	-	-	1,264
Accrued interest	11,275	-	-	11,275
Intergovernmental	107,206	-	66,271	173,477
Prepayments	131,257	-	-	131,257
Materials and supplies inventory	-	-	7,724	7,724
Inventory held for resale	-	-	8,958	8,958
Total assets	<u>\$ 12,378,575</u>	<u>\$ 3,555,162</u>	<u>\$ 1,542,112</u>	<u>\$ 17,475,849</u>
Liabilities:				
Accounts payable	\$ 17,377	\$ -	\$ 39,431	\$ 56,808
Accrued wages and benefits payable	1,415,889	-	118,934	1,534,823
Compensated absences payable	49,859	-	3,242	53,101
Intergovernmental payable	76,286	-	1,981	78,267
Pension and postemployment benefits payable	299,180	-	26,608	325,788
Claims payable	11,847	-	-	11,847
Total liabilities	<u>1,870,438</u>	<u>-</u>	<u>190,196</u>	<u>2,060,634</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,872,787	269,912	147,978	5,290,677
Payment in lieu of taxes levied for the next fiscal year	81,782	-	-	81,782
Delinquent property tax revenue not available	375,074	20,776	11,391	407,241
Intergovernmental revenue not available	84,642	-	66,271	150,913
Accrued interest not available	10,288	-	-	10,288
Total deferred inflows of resources	<u>5,424,573</u>	<u>290,688</u>	<u>225,640</u>	<u>5,940,901</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	7,724	7,724
Prepayments	131,257	-	-	131,257
Restricted:				
Debt service	-	3,264,474	-	3,264,474
Capital improvements	-	-	279,243	279,243
Classroom facilities maintenance	-	-	470,523	470,523
Food service operations	-	-	386,203	386,203
Other purposes	-	-	20,203	20,203
Extracurricular	-	-	24,120	24,120
Budget stabilization	972,375	-	-	972,375
Assigned:				
Student instruction	40,010	-	-	40,010
Student and staff support	48,315	-	-	48,315
Other purposes	12,987	-	-	12,987
Unassigned (deficit)	3,878,620	-	(61,740)	3,816,880
Total fund balances	<u>5,083,564</u>	<u>3,264,474</u>	<u>1,126,276</u>	<u>9,474,314</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,378,575</u>	<u>\$ 3,555,162</u>	<u>\$ 1,542,112</u>	<u>\$ 17,475,849</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$	9,474,314
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			40,044,798
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	407,241	
Accrued interest receivable		10,288	
Intergovernmental receivable		150,913	
Total		568,442	568,442
Unamortized premiums on bonds issued are not recognized in the funds.			(653,749)
Unamortized amounts on refundings are not recognized in the funds.			(125,339)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(77,127)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - pension		1,840,708	
Deferred inflows of resources - pension		(4,524,116)	
Net pension liability		(24,999,913)	
Total		(27,683,321)	(27,683,321)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(23,852,908)	
Compensated absences		(1,715,361)	
Total		(25,568,269)	(25,568,269)
Net position of governmental activities		\$	(4,020,251)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 6,174,121	\$ 359,130	\$ 186,091	\$ 6,719,342
Income taxes	2,144,218	-	115,182	2,259,400
Payment in lieu of taxes	121,828	-	-	121,828
Tuition	970,068	-	-	970,068
Earnings on investments	16,894	3,166	7,109	27,169
Extracurricular	55,825	-	197,092	252,917
Charges for services	-	-	498,939	498,939
Classroom materials and fees	98,539	-	-	98,539
Other local revenues	110,234	-	247,160	357,394
Intergovernmental - state	13,129,096	111,057	272,684	13,512,837
Intergovernmental - federal	-	-	1,764,679	1,764,679
Total revenues	<u>22,820,823</u>	<u>473,353</u>	<u>3,288,936</u>	<u>26,583,112</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,287,393	-	641,635	9,929,028
Special	1,853,463	-	802,713	2,656,176
Vocational	115,904	-	-	115,904
Other	991,775	-	-	991,775
Support services:				
Pupil	1,575,453	-	51,962	1,627,415
Instructional staff	586,771	-	3,536	590,307
Board of education	15,995	-	-	15,995
Administration	1,607,387	-	92,799	1,700,186
Fiscal	496,976	8,632	4,247	509,855
Business	9,992	-	-	9,992
Operations and maintenance	1,801,058	-	276,840	2,077,898
Pupil transportation	1,023,837	-	783	1,024,620
Central	56,341	-	20,307	76,648
Operation of non-instructional services:				
Other non-instructional services	-	-	269	269
Food service operations	-	-	1,152,386	1,152,386
Extracurricular activities	398,279	-	219,563	617,842
Facilities acquisition and construction	94,948	-	1,238,163	1,333,111
Debt service:				
Principal retirement	-	814,510	123,724	938,234
Interest and fiscal charges	-	1,251,624	4,775	1,256,399
Total expenditures	<u>19,915,572</u>	<u>2,074,766</u>	<u>4,633,702</u>	<u>26,624,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,905,251</u>	<u>(1,601,413)</u>	<u>(1,344,766)</u>	<u>(40,928)</u>
Other financing sources (uses):				
Sale of assets	4,955	-	98,700	103,655
Transfers in	-	3,828,732	3,737,051	7,565,783
Transfers (out)	<u>(1,643,107)</u>	<u>-</u>	<u>(5,922,676)</u>	<u>(7,565,783)</u>
Total other financing sources (uses)	<u>(1,638,152)</u>	<u>3,828,732</u>	<u>(2,086,925)</u>	<u>103,655</u>
Net change in fund balances	1,267,099	2,227,319	(3,431,691)	62,727
Fund balances at beginning of year	3,816,465	1,037,155	4,556,444	9,410,064
Increase in reserve for inventory	-	-	1,523	1,523
Fund balances at end of year	<u>\$ 5,083,564</u>	<u>\$ 3,264,474</u>	<u>\$ 1,126,276</u>	<u>\$ 9,474,314</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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	\$	62,727
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 1,341,183	
Current year depreciation	<u>(1,973,362)</u>	
Total		(632,179)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(91,787)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		1,523
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(14,076)	
Judgements	(122,526)	
Accrued interest	3,268	
Intergovernmental	<u>77,581</u>	
Total		(55,753)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		938,234
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	3,576	
Accreted interest on capital appreciation bonds	(351,808)	
Payment of accreted interest on capital appreciation bonds	250,490	
Amortization of bond premiums	42,373	
Amortization of deferred charges on refunding	<u>7,635</u>	
Total		(47,734)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources.		
		1,604,993
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,056,779)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(39,280)</u>
Change in net position of governmental activities	\$	<u>683,965</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 6,021,011	\$ 6,021,011	\$ 6,212,041	\$ 191,030
Income taxes	2,211,649	2,211,649	2,281,818	70,169
Payment in lieu of taxes	121,828	121,828	121,828	-
Tuition	940,238	940,238	970,068	29,830
Earnings on investments	16,096	16,096	16,608	512
Extracurricular	48,368	48,368	49,903	1,535
Classroom materials and fees	98,369	98,369	101,490	3,121
Other local revenues	57,859	57,859	63,560	5,701
Intergovernmental - state	12,703,487	12,703,487	13,106,532	403,045
Total revenues	<u>22,218,905</u>	<u>22,218,905</u>	<u>22,923,848</u>	<u>704,943</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,491,871	9,591,031	9,438,808	152,223
Special	1,883,638	1,903,317	1,867,440	35,877
Vocational	113,408	114,593	110,933	3,660
Other	1,000,378	1,010,829	991,775	19,054
Support services:				
Pupil	1,579,289	1,595,788	1,568,782	27,006
Instructional staff	652,845	659,665	630,362	29,303
Board of education	25,572	25,839	25,352	487
Administration	1,565,014	1,581,364	1,546,784	34,580
Fiscal	519,582	525,010	512,680	12,330
Business	11,211	11,329	10,632	697
Operations and maintenance	1,926,389	1,946,514	1,829,607	116,907
Pupil transportation	1,083,934	1,095,258	1,046,242	49,016
Central	35,404	35,774	38,508	(2,734)
Extracurricular activities	400,656	404,842	397,211	7,631
Facilities acquisition and construction	95,772	96,772	94,948	1,824
Total expenditures	<u>20,384,963</u>	<u>20,597,925</u>	<u>20,110,064</u>	<u>487,861</u>
Excess of revenues over expenditures	<u>1,833,942</u>	<u>1,620,980</u>	<u>2,813,784</u>	<u>1,192,804</u>
Other financing sources (uses):				
Transfers (out)	(1,773,540)	(1,758,289)	(1,758,289)	-
Sale of assets	4,803	4,803	4,955	152
Total other financing sources (uses)	<u>(1,768,737)</u>	<u>(1,753,486)</u>	<u>(1,753,334)</u>	<u>152</u>
Net change in fund balance	65,205	(132,506)	1,060,450	1,192,956
Fund balance at beginning of year	3,743,947	3,743,947	3,743,947	-
Prior year encumbrances appropriated	64,546	64,546	64,546	-
Fund balance at end of year	<u>\$ 3,873,698</u>	<u>\$ 3,675,987</u>	<u>\$ 4,868,943</u>	<u>\$ 1,192,956</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 4,456	\$ 74,747
Liabilities:		
Due to students.	-	\$ 74,747
Net position:		
Held in trust for scholarships	4,456	
Total net position	\$ 4,456	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	<u>\$ 10</u>
Change in net position	10
Net position at beginning of year.	<u>4,446</u>
Net position at end of year	<u><u>\$ 4,456</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Clyde-Green Springs Exempted Village School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District currently operates two elementary schools, one middle school and one comprehensive high school. The District employs 115 non-certified and 137 certified employees to provide services to approximately 2,197 students in grades K through 12 and various community groups.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and District administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are limited to its representation on the Board. The District paid \$47,183 to NOECA in fiscal year 2015 for services. Financial information can be obtained by contacting Betty Rando, who serves as director, at 219 Howard Drive, Sandusky, Ohio 44870.

Vanguard-Sentinel Career and Technology Centers

The Vanguard-Sentinel Career and Technology Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of two representatives from Fremont City Schools and one representative from the Clyde-Green Springs Exempted Village School District and each of the other twelve participating school districts' elected Boards, which possesses its own budgeting and taxing authority. Accordingly, the Vanguard-Sentinel Career Centers is not part of the Clyde-Green Springs Exempted Village School District and its operations are not included as part of the reporting entity. To obtain financial information write to the Vanguard-Sentinel Career Centers, Alan Binger, Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among Boards of Education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member Boards of Education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an assembly consisting of a representative from each participating school district. The District paid \$14,941 to the Bay Area Council during fiscal year 2015 for gas usage and related fees. Financial information can be obtained from the Treasurer at the North Point Educational Service Center, who serves as fiscal agent, 2900 Columbus Avenue, Sandusky, Ohio 44870.

Northwest Ohio Educational Research Council

The Northwest Ohio Educational Research Council serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. The agent for the Northwest Ohio Educational Research Council is David G. Elsass, 806 Cherry Hill Drive, Bowling Green, Ohio 43402.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

RELATED ORGANIZATION

Clyde Public Library

The library is a legally separate body politic which provides various educational and literary resources to an area whose borders match the District's with the exception of the Village of Green Springs and the portions of the District located in Pleasant and Adams Townships, Seneca County. The Library's Board of Trustees is appointed by the District's Board.

PUBLIC ENTITY RISK POOL

The San-Ott School Employees Welfare Benefit Association (the "Association")

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Consortium, Shane Baumgardner, Treasurer of Danbury Local School District, at 9451 E. Harbor Road, Lakeside-Marblehead, Ohio 43440.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - This fund is used to account for monies from a tax levy which is restricted to expenditure for principal and interest.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on Net Position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for a scholarship program 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 activities and District agency activities.

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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, payments in lieu of 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 (See Note 6). 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, income taxes, payments in lieu of taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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 have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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, unavailable revenue and deferred charges on refunding. 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. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. In addition, deferred inflows of resources include a deferred charge on debt refunding. 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.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only 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 entitlement value of donated commodities used during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund/special cost center/object level within the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of a certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the object level within each special cost center for the general fund and at the fund level for all other funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education. The Board has authorized the Treasurer to allocate appropriations among functions and object levels within all funds except the general fund.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. 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 basic financial statements.

During fiscal year 2015, investments were limited to non-negotiable certificate of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$16,894, which includes \$1,697 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market and are expensed when used. On fund financial statements, inventories are valued at cost. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. The District does not have 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 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>Governmental Activities Estimated Lives</u>
Improvements other than buildings	15 - 40 years
Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments as well as those employees expected to become eligible in the future. Sick leave benefits are accrued as a liability using the "vesting method". The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

J. Unamortized Premium/Accounting Gain or Loss

Premiums are deferred and accreted over the term of the debt. Premiums are presented as an addition to the face amount of the debt. On the governmental fund financial statements, premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 11.

For bond refundings resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflow or inflow of resources on the statement of net position.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and 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 year. Bonds, contractually required pension obligations, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District 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.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

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 nor 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations and budget stabilization.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. 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.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

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

P. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

Q. Nonpublic Schools

Within the District boundaries, St. Mary's Elementary School is operated as a parochial school. Current State legislation provides funding to this school. These monies are received and disbursed on behalf of the school by the Treasurer of the District, as directed by the parochial school. This activity is reflected in a special revenue fund by the District for financial reporting purposes.

R. Other Local Revenue

The District has reported rental receipts, and other miscellaneous local receipts as "other local revenue" on the statement of revenues, expenditures and changes in fund balances - all governmental funds and on the statement of revenues, expenditures and changes in fund balances - budget and actual comparison (non-GAAP budgetary basis) - general fund.

S. 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. During fiscal year 2015, the District had neither type of transaction.

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

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

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures and added required supplementary information.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 23,527,319
Deferred outflows - payments subsequent to measurement date	1,476,240
Net pension liability	(29,707,775)
Restated net position at July 1, 2014	\$ (4,704,216)

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. The restatement had no effect on fund balances.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 20,002
Title I	41,738

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - 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 monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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;

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 (STAR Ohio);
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,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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.

A. Cash on Hand

At fiscal year end, the District had \$1,650 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$9,513,605. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$7,409,405 of the District's bank balance of \$10,571,090 was covered by the Federal Deposit Insurance Corporation, and \$3,161,685 was exposed to custodial credit risk as discussed below.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Reconciliation of Cash and Investments to the Statement of Net Position

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,513,605
Cash on hand	<u>1,650</u>
Total	<u>\$ 9,515,255</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,436,052
Private-purpose trust fund	4,456
Agency funds	<u>74,747</u>
Total	<u>\$ 9,515,255</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 1,181,263
Nonmajor governmental funds	461,844
 <u>Transfers from nonmajor governmental funds to:</u>	
Bond retirement fund	2,647,469
Nonmajor governmental funds	3,275,207

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated in the statement of activities.

The building fund and classroom facilities fund, both nonmajor governmental funds, were closed out in fiscal year 2015 and all remaining monies were transferred to other funds of the District.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Sandusky and Seneca Counties. 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 as an advance at June 30, 2014 was \$1,187,818 in the general fund, \$65,796 in the bond retirement fund and \$36,071 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$1,225,738 in the general fund, \$77,067 in the bond retirement fund and \$36,245 in the permanent improvement fund

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES (Continued)

(a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 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 inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2014 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	\$ 208,579,610	96.88	\$ 215,478,470	96.87
Public utility personal	<u>6,726,960</u>	<u>3.12</u>	<u>6,955,070</u>	<u>3.13</u>
Total	<u>\$ 215,306,570</u>	<u>100.00</u>	<u>\$ 222,433,540</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$47.75		\$47.75	
Permanent improvements	1.50		1.50	
Debt service	1.90		1.90	

NOTE 7 - INCOME TAX

On March 4, 2008, the District's voters approved a one percent earned income tax on individuals residing within the District. The tax became effective on January 1, 2009 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. The primary use of the income tax revenues is to provide payment for the construction bonds - series 2008 (See Note 11). The District income tax is credited to the general fund and classroom facilities maintenance fund (a nonmajor governmental fund).

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, income taxes, payments in lieu of taxes, accounts (billings for user charged services 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within one year.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

On September 1, 2008, the District entered into a lease-purchase agreement with Capital One Public Funding, LLC for the purchase of land and construction and improvements to the land for the new middle school building. In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the land improvements and construction are being made to Capital One Public Funding, LLC. The District is the lessor and Capital One Public Funding, LLC is the lessee under the ground-lease agreement. The sublease commenced on September 1, 2008 and terminates on December 31, 2019, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

In fiscal year 2011, the District entered into a lease-purchase agreement for six school buses. The source of revenue to fund the principal and interest payments for these leases is general operating revenue of the District.

Capital assets consisting of land, buildings and improvements and vehicles have been capitalized in the amount of \$452,341, \$1,505,295 and \$926,875, respectively. Accumulated depreciation on the building improvements as of June 30, 2015 was \$188,162, leaving a current book value of \$1,317,133. Accumulated depreciation on the vehicles as of June 30, 2015 was \$597,563, leaving a current book value of \$329,312. Principal and interest payments are made from the bond retirement fund and permanent improvement fund (a nonmajor governmental fund) and totaled \$363,724 and \$11,057, respectively, in fiscal year 2015.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 10 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 876,301	\$ -	\$ (58,560)	\$ 817,741
Total capital assets, not being depreciated	<u>876,301</u>	<u>-</u>	<u>(58,560)</u>	<u>817,741</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	3,588,434	-	(419,749)	3,168,685
Buildings and improvements	71,025,736	-	-	71,025,736
Furniture and equipment	8,975,554	1,320,499	(7,350)	10,288,703
Vehicles	<u>1,535,537</u>	<u>20,684</u>	<u>(35,580)</u>	<u>1,520,641</u>
Total capital assets, being depreciated	<u>85,125,261</u>	<u>1,341,183</u>	<u>(462,679)</u>	<u>86,003,765</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(1,738,317)	(164,069)	419,749	(1,482,637)
Buildings and improvements	(37,076,687)	(1,005,449)	-	(38,082,136)
Furniture and equipment	(5,397,821)	(671,813)	980	(6,068,654)
Vehicles	<u>(1,019,973)</u>	<u>(132,031)</u>	<u>8,723</u>	<u>(1,143,281)</u>
Total accumulated depreciation	<u>(45,232,798)</u>	<u>(1,973,362)</u>	<u>429,452</u>	<u>(46,776,708)</u>
Governmental activities capital assets, net	<u>\$ 40,768,764</u>	<u>\$ (632,179)</u>	<u>\$ (91,787)</u>	<u>\$ 40,044,798</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,085,668
Special	134,022
Vocational	6,733
<u>Support services:</u>	
Pupil	77,635
Instructional staff	60,482
Board of education	600
Administration	102,447
Fiscal	20,259
Business	663
Operations and maintenance	64,371
Pupil transportation	185,060
Central	72,644
Non-instructional services	561
Extracurricular activities	34,152
Food service operations	<u>128,065</u>
Total depreciation expense	<u>\$ 1,973,362</u>

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

NOTE 11 - LONG-TERM OBLIGATIONS

A. Long-term obligations at June 30, 2014 have been restated as described in Note 3.A. Activity in the District's long-term obligations during fiscal year 2015 were as follows:

	Restated Balance <u>6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/15</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
<u>Refunding bonds - series 2004</u>					
Capital appreciation bonds	\$ 230,397	\$ -	\$ (69,510)	\$ 160,887	\$ 60,714
Accreted interest	760,986	121,195	(250,490)	631,691	238,361
<u>Construction bonds - series 2008</u>					
Current interest bonds	20,255,000	-	(465,000)	19,790,000	750,000
Capital appreciation bonds	219,988	-	-	219,988	-
Accreted interest	612,440	205,384	-	817,824	-
<u>Refunding bonds - series 2013</u>					
Current interest bonds	2,020,000	-	(40,000)	1,980,000	40,000
Capital appreciation bonds	215,000	-	-	215,000	-
Accreted interest	12,289	25,229	-	37,518	-
Total general obligation bonds	<u>24,326,100</u>	<u>351,808</u>	<u>(825,000)</u>	<u>23,852,908</u>	<u>1,089,075</u>
<i>Other long-term obligations:</i>					
Lease-purchase obligations	363,724	-	(363,724)	-	-
Compensated absences	1,875,378	120,313	(227,229)	1,768,462	63,538
Net pension liability	29,707,775	-	(4,707,862)	24,999,913	-
Total other long-term obligations	<u>31,946,877</u>	<u>120,313</u>	<u>(5,298,815)</u>	<u>26,768,375</u>	<u>63,538</u>
Total governmental activities	<u>\$ 56,272,977</u>	<u>\$ 472,121</u>	<u>\$ (6,123,815)</u>	50,621,283	<u>\$ 1,152,613</u>
Add: unamortized premium on bonds and lease-purchase				<u>653,749</u>	
Total long-term obligations				<u>\$ 51,275,032</u>	

Refunding bonds, series 2004: On August 15, 2003, the District issued general obligation bonds in order to advance refund \$2,615,000 of the current interest school improvement bonds, series 1995. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position.

The current interest bonds for this bond issue were refunded on November 21, 2013 with the proceeds from the series 2013 refunding bonds. The capital appreciation bonds mature on December 1, 2015, 2016, and 2017 (stated interest rate of 14.00%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,285,000. A total of \$631,691 in interest has been accreted on the capital appreciation bonds as of June 30, 2015.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 1.90 (average) mil bonded debt tax levy. These bonds are paid from the bond retirement fund, a nonmajor governmental fund.

Construction bonds, series 2008: On May 20, 2008, the District issued general obligation bonds in order to fund the local share and required locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission (OFCC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds are paid from the bond retirement fund, a nonmajor governmental fund. The source of payment is derived from the District's income tax levy (See Note 7). A budget stabilization balance of \$972,375 in the general fund has been established, as required by the debt covenant, in order to provide resources for payment of the bonds in the event that income tax revenues do not entirely cover the required debt service payments.

The issue is comprised of both current interest bonds, par value \$21,080,000, and capital appreciation bonds, par value \$219,988. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds mature on December 1, of 2016 and 2017 (stated interest rate of 23.325%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,605,000. A total of \$817,824 in interest has been accreted on the capital appreciation bonds as of June 30, 2015.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2031.

Refunding bonds, series 2013: On November 21, 2013, the District issued general obligation bonds in order to currently refund the outstanding balance of the current interest refunding bonds, series 2004. The refunded debt is defeased and, accordingly, has been removed from the statement of net position. None of the defeased debt is outstanding at June 30, 2015. The refunding will reduce total debt service payments over the life of the bond issue by \$417,817 and resulted in an economic gain of \$254,016.

The refunding issue is comprised of current interest bonds, par value \$2,020,000, and capital appreciation bonds, par value \$215,000. The interest rates on the current interest bonds range from 1.00% to 4.20%. The capital appreciation bonds mature on December 1, 2018 (stated interest rate of 10.81%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$365,000. A total of \$37,518 in interest has been accreted on the capital appreciation bonds as of June 30, 2015.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 1.90 (average) mil bonded debt tax levy. These bonds are paid from the bond retirement fund, a nonmajor governmental fund.

The current interest bonds maturing on or after December 1, 2020 are subject to early redemption at the option of the District and at redemption prices equal to 100% of the principal amount redeemed plus accrued interest to the date of redemption.

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SANDUSKY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2031.

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid, which, for the District, is primarily the general fund.

Lease purchase obligations: The lease purchase obligations will be paid from the bond retirement and permanent improvement nonmajor governmental funds. See Note 9 for more details.

Net pension liability: See Note 14 for more details.

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2015, are as follows:

Fiscal Year	Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total
2016	\$ 60,714	\$ 259,286	\$ 320,000
2017	53,856	271,144	325,000
2018	46,317	273,683	320,000
Total	<u>\$ 160,887</u>	<u>\$ 804,113</u>	<u>\$ 965,000</u>

Fiscal Year	Current Interest Bonds, Series 2008			Capital Appreciation Bonds, Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 750,000	\$ 910,563	\$ 1,660,563	\$ -	\$ -	\$ -
2017	-	897,438	897,438	121,063	673,937	795,000
2018	-	897,437	897,437	98,925	711,075	810,000
2019	830,000	876,687	1,706,687	-	-	-
2020	885,000	833,813	1,718,813	-	-	-
2021 - 2025	5,430,000	3,418,531	8,848,531	-	-	-
2026 - 2030	7,345,000	1,916,838	9,261,838	-	-	-
2031 - 2032	4,550,000	228,825	4,778,825	-	-	-
Total	<u>\$ 19,790,000</u>	<u>\$ 9,980,132</u>	<u>\$ 29,770,132</u>	<u>\$ 219,988</u>	<u>\$ 1,385,012</u>	<u>\$ 1,605,000</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Current Interest Bonds, Series 2013			Capital Appreciation Bonds, Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 40,000	\$ 62,628	\$ 102,628	\$ -	\$ -	\$ -
2017	45,000	62,146	107,146	-	-	-
2018	45,000	61,415	106,415	-	-	-
2019	-	60,965	60,965	215,000	150,000	365,000
2020	355,000	56,527	411,527	-	-	-
2021 - 2025	610,000	221,883	831,883	-	-	-
2026 - 2030	710,000	110,605	820,605	-	-	-
2031 - 2032	175,000	4,305	179,305	-	-	-
Total	<u>\$ 1,980,000</u>	<u>\$ 640,474</u>	<u>\$ 2,620,474</u>	<u>\$ 215,000</u>	<u>\$ 150,000</u>	<u>\$ 365,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$20,927,606 (including available funds of \$3,264,474) and an unvoted debt margin of \$222,434.

NOTE 12 - COMPENSATED ABSENCES

A. Sick Leave

All employees are entitled to 15 days sick leave with pay for each year under contract and accrue sick leave at the rate of 1¼ days for each calendar month under contract. Sick leave is cumulative to 250 days for all employees.

B. Severance Pay

All employees serving in a regular assignment under contract with the Clyde-Green Springs Board of Education may elect to receive a cash payment at retirement for accrued but unused sick leave. To be eligible, employees must be qualified for retirement benefits under one or more of the State Teacher's Retirement System (STRS Ohio), School Employee's Retirement System (SERS) or Public Employee's Retirement System (PERS) retirement systems and have performed a minimum of ten years service in one or more Ohio political subdivisions. Payment is to be based on the employee's per

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12 - COMPENSATED ABSENCES (continued)

diem pay rate at the time of retirement. Payment for all employees with ten or more years of service will be paid based on 26% of the accrued but unused days of sick leave up to 250 days up to a

maximum of 65 days. Employees under the Ohio Association of Public School Employees (OAPSE) contract with less than ten years service with the District will be paid based on 26% of the accrued but unused days of sick leave up to 150 days up to a maximum of 39 days. OAPSE employees electing to retire at the end of the contract year when they are first eligible for retirement are entitled to 35% of accrued but unused days of sick leave with the maximum number of days dependent on years of service in the District. OAPSE employees also receive an additional \$200 dollars per diem contractual hours in severance pay.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

B. Health Insurance

The District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$150,000 and aggregate claims in excess of 120% of expected claims.

C. Workers' Compensation

Effective January 1, 2011, the District has elected to participate in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan. The alternative rating program requires the District to pay only administrative charges to the Bureau, and in turn the District assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to \$200,000 per claim stop-loss coverage with an annual aggregate.

The District's Workers' Compensation program is accounted for in the general fund which pays for all claims, claim reserves and administrative costs of the program. The general fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 13 - RISK MANAGEMENT (continued)

The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year. The change in claims activity for the past fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 1,239	\$ 10,608	\$ -	\$ 11,847
2014	258,925	(250,722)	(6,964)	1,239

NOTE 14 - 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 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.

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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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 \$360,936 for fiscal year 2015. Of this amount \$35,514 is reported as pension and postemployment benefits payable.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14 - 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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The 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 \$1,244,057 for fiscal year 2015. Of this amount, \$213,704 is reported as pension and postemployment benefits 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 4,447,506	\$ 20,552,407	\$ 24,999,913
Proportion of the Net Pension Liability	0.08787900%	0.08449623%	
Pension Expense	\$ 259,541	\$ 797,238	\$ 1,056,779

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

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SANDUSKY COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 37,853	\$ 197,862	\$ 235,715
School District contributions subsequent to the measurement date	<u>360,936</u>	<u>1,244,057</u>	<u>1,604,993</u>
Total Deferred Outflows of Resources	<u>\$ 398,789</u>	<u>\$ 1,441,919</u>	<u>\$ 1,840,708</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 721,843</u>	<u>\$ 3,802,273</u>	<u>\$ 4,524,116</u>

\$1,604,993 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (170,998)	\$ (901,102)	\$ (1,072,100)
2017	(170,998)	(901,102)	(1,072,100)
2018	(170,998)	(901,102)	(1,072,100)
2019	<u>(170,996)</u>	<u>(901,105)</u>	<u>(1,072,101)</u>
Total	<u>\$ (683,990)</u>	<u>\$ (3,604,411)</u>	<u>\$ (4,288,401)</u>

Actuarial Assumptions - SERS

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

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

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(Continued)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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:

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

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

NOTE 14 - 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%)
District's proportionate share of the net pension liability	\$ 6,345,270	\$ 4,447,506	\$ 2,851,323

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.

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:

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 29,423,012	\$ 20,552,407	\$ 13,050,861

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB)

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)

plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$46,944.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$67,042, \$47,466, and \$42,318, respectively. For fiscal year 2015, 91.20 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)

for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$89,191, and \$88,648 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,060,450
Net adjustment for revenue accruals	(171,993)
Net adjustment for expenditure accruals	205,725
Net adjustment for other sources/uses	115,182
Funds budgeted elsewhere	(286)
Adjustment for encumbrances	58,021
GAAP basis	\$ 1,267,099

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund and the public school support fund.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional 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.

NOTE 18 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 18 - SET-ASIDES (Continued)

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

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2014	\$ -
Current year set-aside requirement	373,565
Current year qualifying expenditures	(186,866)
Current year offsets	<u>(233,831)</u>
Total	<u>\$ (47,132)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside reserve balance June 30, 2015	<u>\$ -</u>

During fiscal year 2008, the District issued \$21,299,988 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$21,200,907 at June 30, 2015.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 61,775
Nonmajor governmental	<u>208,903</u>
Total	<u>\$ 270,678</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.08787900%	0.08787900%
District's proportionate share of the net pension liability	\$ 4,447,506	\$ 5,225,882
District's covered-employee payroll	\$ 2,553,586	\$ 2,562,803
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	203.91%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.08449623%	0.08449623%
District's proportionate share of the net pension liability	\$ 20,552,407	\$ 24,481,893
District's covered-employee payroll	\$ 8,633,177	\$ 8,864,831
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	276.17%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 360,936	\$ 353,927	\$ 354,692	\$ 349,768
Contributions in relation to the contractually required contribution	<u>(360,936)</u>	<u>(353,927)</u>	<u>(354,692)</u>	<u>(349,768)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,738,513	\$ 2,553,586	\$ 2,562,803	\$ 2,600,506
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 342,221	\$ 368,677	\$ 264,693	\$ 248,546	\$ 262,645	\$ 246,673
<u>(342,221)</u>	<u>(368,677)</u>	<u>(264,693)</u>	<u>(248,546)</u>	<u>(262,645)</u>	<u>(246,673)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,722,522	\$ 2,722,873	\$ 2,689,970	\$ 2,531,018	\$ 2,459,223	\$ 2,331,503
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,244,057	\$ 1,122,313	\$ 1,152,428	\$ 1,228,317
Contributions in relation to the contractually required contribution	<u>(1,244,057)</u>	<u>(1,122,313)</u>	<u>(1,152,428)</u>	<u>(1,228,317)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,886,121	\$ 8,633,177	\$ 8,864,831	\$ 9,448,592
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,262,824	\$ 1,287,271	\$ 1,240,787	\$ 1,202,639	\$ 1,162,521	\$ 1,127,896
<u>(1,262,824)</u>	<u>(1,287,271)</u>	<u>(1,240,787)</u>	<u>(1,202,639)</u>	<u>(1,162,521)</u>	<u>(1,127,896)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,714,031	\$ 9,902,085	\$ 9,544,515	\$ 9,251,069	\$ 8,942,469	\$ 8,676,123
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY 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 should be presented as notes to the schedule.

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 financials 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 financials for the methods and assumptions in this calculation.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<u>Nutrition Cluster:</u>		
National School Lunch Program:		
Non Cash Assistance (Food Distribution)	10.555	\$ 88,643
Cash Assistance	10.555	444,717
Total National School Lunch Program		<u>533,360</u>
School Breakfast Program	10.553	<u>97,436</u>
Total for Nutrition Cluster		<u>630,796</u>
Child and Adult Care Food Program	10.558	<u>19,772</u>
Total US Department of Agriculture		<u>650,568</u>
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States	84.027	444,330
Special Education Preschool Grants	84.173	11,384
Total Special Education Cluster		<u>455,714</u>
Title I Grants To Local Educational Agencies	84.010	335,004
Twenty-First Century Community Learning Centers	84.287	341,491
ARRA- Race to the Top	84.395	360
Improving Teacher Quality State Grants	84.367	<u>75,902</u>
Total US Department of Education		<u>1,208,471</u>
Total Federal Assistance		<u>\$ 1,859,039</u>

The accompanying notes are an integral part of this schedule.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports Clyde-Green Springs Exempted Village School District (the District's) federal award programs' 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.



Dave Yost • Auditor of State

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

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

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 Clyde-Green Springs Exempted Village School District, Sandusky 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 and have issued our report thereon dated March 21, 2016, wherein we noted the District adopted new Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* and also GASB 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 matter 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 21, 2016



Dave Yost • Auditor of State

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

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio'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 Audit 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.

Opinion on the Major Federal Program

In our opinion, Clyde-Green Springs Exempted Village 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 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.



Dave Yost
Auditor of State

Columbus, Ohio

March 21, 2016

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY 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 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 significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: CFDA # 10.553 - School Breakfast Program and CFDA # 10.555 – National School Lunch Program
<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 AWARDS

None.

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Dave Yost • Auditor of State

CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT

SANDUSKY 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
APRIL 7, 2016**