

**EDGEWOOD CITY SCHOOL DISTRICT**

Butler County, Ohio

Single Audit

July 1, 2013 through June 30, 2014

Fiscal Year Audited Under GAGAS: 2014



**Caudill & Associates, CPA, PLLC**

P.O. Box 751, South Shore, KY 41175





# Dave Yost • Auditor of State

Board of Education  
Edgewood City School District  
3440 Busenbark Road  
Trenton, Ohio 45067

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

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

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

Dave Yost  
Auditor of State

May 8, 2015

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**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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# Caudill & Associates, CPA, PLLC

P.O. Box 751, South Shore, KY 41175

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## INDEPENDENT AUDITOR'S REPORT

Edgewood City School District  
3440 Busenbark Road  
Trenton, Ohio 45067

To the Board of Education:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edgewood City School District, Butler County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the 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 School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

### 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 Edgewood City School District, Butler County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year ended in accordance with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015, on our consideration of the District's internal control over financial reporting and on 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.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
March 12, 2015



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

The management's discussion and analysis of the Edgewood City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

- In total, net position of governmental activities increased \$3,351,222 which represents a 9.98% increase from 2013.
- General revenues accounted for \$35,821,313 in revenue or 88.40% of all revenues. Program specific revenue in the form of charges for services and sales, grants and contributions accounted for \$4,701,249 or 11.60% of total revenues of \$40,522,562.
- The District had \$37,171,340 in expenses related to governmental activities; only \$4,701,249 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 \$35,821,313 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the debt service fund and the permanent improvement fund. The general fund had \$32,860,931 in revenues and \$29,188,180 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$3,672,751 from a fund balance of \$3,749,686 to a fund balance of \$7,422,437.
- Another District major governmental fund, the debt service fund, had \$27,041,758 in revenues and other financing sources and \$26,750,440 in expenditures and other financing uses. During fiscal year 2014, the debt service fund's fund balance increased \$291,318 from \$4,325,276 to \$4,616,594.
- Another District major governmental fund, the permanent improvement fund, had \$961,760 in revenues and \$1,106,213 in expenditures. During fiscal year 2014, the permanent improvement fund's fund balance decreased \$144,453 from \$294,207 to \$149,754.

**Using the 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, debt service fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

**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 2014?" 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 net 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.

The District's statement of net position and statement of activities can be found on pages 14-15 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and permanent improvement 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 that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

***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. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of fiduciary net position and changes in fiduciary net position on pages 21 and 22. 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. These notes to the basic financial statements can be found on pages 23-54 of this report.

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 38,828,879	\$ 36,709,776
Capital assets, net	<u>59,882,261</u>	<u>59,853,955</u>
Total assets	<u>98,711,140</u>	<u>96,563,731</u>
<b><u>Deferred outflows of resources</u></b>		
Deferred outflows of resources	<u>801,401</u>	<u>522,921</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,790,699	4,648,425
Long-term liabilities	<u>41,597,406</u>	<u>42,357,161</u>
Total liabilities	<u>47,388,105</u>	<u>47,005,586</u>
<b><u>Deferred inflows of resources</u></b>		
Deferred inflows of resources	<u>15,184,460</u>	<u>16,492,312</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	25,125,833	26,411,469
Restricted	5,206,878	4,033,397
Unrestricted	<u>6,607,265</u>	<u>3,143,888</u>
Total net position	<u>\$ 36,939,976</u>	<u>\$ 33,588,754</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$36,939,976.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

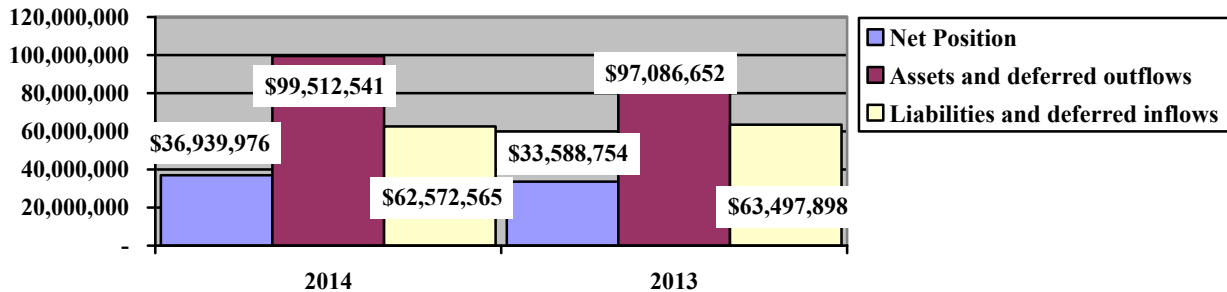
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

At year-end, capital assets represented 60.18% of total assets and deferred outflows of resources. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2014 was \$25,125,833. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$5,206,878, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a balance of \$6,607,265.

The graph below illustrates the governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2014 and 2013.

**Governmental Activities**



The table below shows the change in net position for the fiscal years ending June 30, 2014 and 2013.

	Change in Net Position	
	Governmental Activities 2014	Governmental Activities 2013
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,504,291	\$ 2,256,287
Operating grants and contributions	2,161,958	4,295,802
Capital grants and contributions	35,000	35,200
General revenues:		
Property taxes	17,682,721	18,398,608
Grants and entitlements	17,851,600	15,409,650
Investment earnings	42,929	18,598
Increase (decrease) in fair market value of investments	20,009	(11,890)
Other	224,054	105,416
Total revenues	<u>\$ 40,522,562</u>	<u>\$ 40,507,671</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

	<b>Change in Net Position (Continued)</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2014</u>	<u>2013</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 15,404,448	\$ 15,184,911
Special	4,896,904	3,717,970
Other	55,228	74,670
Support services:		
Pupil	2,062,794	1,797,230
Instructional staff	1,148,532	3,485,788
Board of education	148,698	296,181
Administration	1,970,221	1,308,914
Fiscal	737,013	830,789
Business	122,204	30,634
Operations and maintenance	4,413,413	4,898,181
Pupil transportation	1,577,935	1,445,147
Central	269,945	188,782
Operations of non-instructional services:		
Other non-instructional services	18,681	21,306
Food service operations	1,487,882	1,454,642
Extracurricular activities	836,121	693,339
Interest and fiscal charges	<u>2,021,321</u>	<u>2,668,574</u>
Total expenses	<u>37,171,340</u>	<u>38,097,058</u>
Change in net position	3,351,222	2,410,613
Net position at beginning of year	<u>33,588,754</u>	<u>31,178,141</u>
Net position at end of year	<u>\$ 36,939,976</u>	<u>\$ 33,588,754</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$3,351,222. Total governmental expenses of \$37,171,340 were offset by program revenues of \$4,701,249 and general revenues of \$35,534,321. Program revenues supported 12.65% of the total governmental expenses.

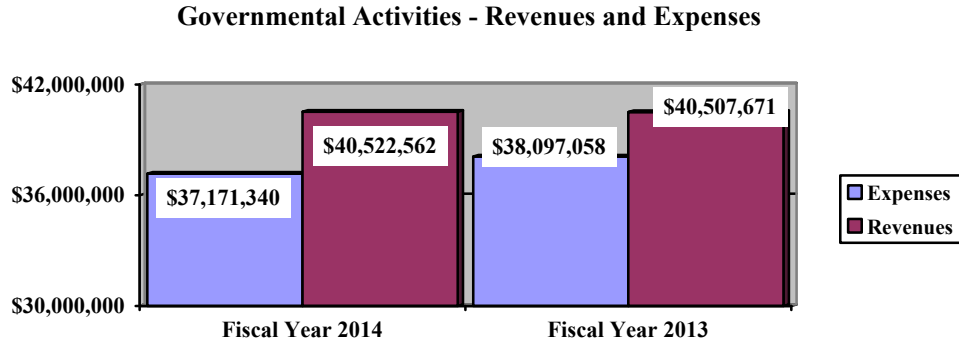
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 87.69% of total governmental revenue. Real estate property is reappraised every six years.

Property taxes increased mainly due to changes in tax advances available and general collections. Payments in-lieu of taxes decreased due to the District not receiving payment in-lieu of taxes money from the city of Trenton in fiscal year 2014.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.



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 tax revenue and unrestricted state grants and entitlements.

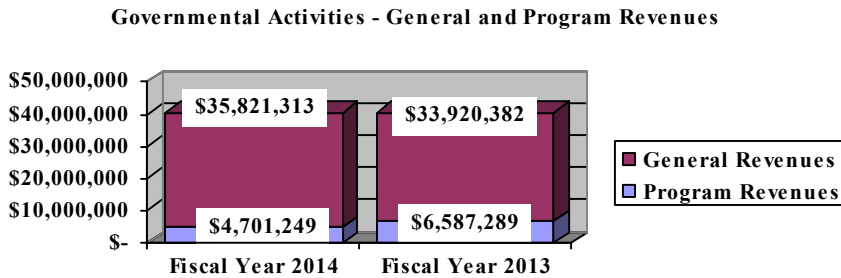
	<b>Governmental Activities</b>			
	Total Cost of Services 2014	Net Cost of Services 2014	Restated Total Cost of Services 2013	Restated Net Cost of Services 2013
<b><u>Program expenses</u></b>				
Instruction:				
Regular	\$ 15,404,448	\$ 14,019,199	\$ 15,184,911	\$ 13,990,161
Special	4,896,904	4,005,701	3,717,970	1,468,514
Other	55,228	55,228	74,670	68,035
Support services:				
Pupil	2,062,794	1,733,581	1,797,230	1,612,074
Instructional staff	1,148,532	1,005,055	3,485,788	3,148,947
Board of education	148,698	148,698	296,181	296,181
Administration	1,970,221	1,936,590	1,308,914	1,281,815
Fiscal	737,013	736,453	830,789	830,789
Business	122,204	122,204	30,634	30,634
Operations and maintenance	4,413,413	4,350,244	4,898,181	4,820,940
Pupil transportation	1,577,935	1,565,906	1,445,147	1,388,372
Central	269,945	269,945	188,782	188,782
Operation of non-instructional services:				
Other non-instructional services	18,681	18,681	21,306	(11,146)
Food service operations	1,487,882	(29,451)	1,454,642	(82,651)
Extracurricular activities	836,121	510,736	693,339	362,072
Interest and fiscal charges	2,021,321	2,021,321	2,668,574	2,116,250
<b>Total</b>	<b>\$ 37,171,340</b>	<b>\$ 32,470,091</b>	<b>\$ 38,097,058</b>	<b>\$ 31,509,769</b>

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, as 88.82% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.35%. Taxes and intergovernmental state revenues are by far the primary sources of support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$15,272,405, which is higher than last year's total of \$13,026,163. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase (Decrease)	Percentage Change
General	\$ 7,422,437	\$ 3,749,686	\$ 3,672,751	(97.95) %
Debt service	4,616,594	4,325,276	291,318	(6.74) %
Permanent improvement	149,754	294,207	(144,453)	49.10 %
Other governmental	3,083,620	4,656,994	(1,573,374)	(33.79) %
<b>Total</b>	<u>\$ 15,272,405</u>	<u>\$ 13,026,163</u>	<u>\$ 2,246,242</u>	17.24 %

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

***General Fund***

The District's general fund balance increased \$3,672,751. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 13,946,380	\$ 14,483,673	\$ (537,293)	(3.71) %
Tuition	1,016,427	686,120	330,307	48.14 %
Earnings on investments	26,702	13,340	13,362	100.16 %
Intergovernmental	17,051,715	16,043,164	1,008,551	6.29 %
Other revenues	<u>819,707</u>	<u>698,136</u>	<u>121,571</u>	17.41 %
Total	<u>\$ 32,860,931</u>	<u>\$ 31,924,433</u>	<u>\$ 936,498</u>	2.93 %
<b><u>Expenditures</u></b>				
Instruction	\$ 18,217,529	\$ 16,914,286	\$ 1,303,243	7.70 %
Support services	10,379,585	11,324,800	(945,215)	(8.35) %
Operation of non-instructional services	11,227	11,098	129	1.16 %
Extracurricular activities	478,518	363,579	114,939	31.61 %
Debt service	<u>101,321</u>	<u>111,624</u>	<u>(10,303)</u>	(9.23) %
Total	<u>\$ 29,188,180</u>	<u>\$ 28,725,387</u>	<u>\$ 462,793</u>	1.61 %

Revenues of the general fund increased \$936,498 or 2.93%. The largest increase was in the area of intergovernmental revenue which increased \$1,008,551 or 6.29%. This is mainly due to the District receiving additional State aid and a full year of casino revenues. Tuition revenue increased \$330,307 due to an increase in open enrollment and an increase in State reimbursement for students placed in the District and students with special needs during fiscal year 2014. Earnings on investments increased due to increased investments in the general fund.

Expenditures of the general fund increased \$462,793 or 1.61%. Instruction expenditures increased and support services expenditures decreased due to more employees being paid directly by the District rather than being paid by Butler County Education Service Center as in the prior year. Extracurricular activities expenditures increased \$114,939 or 31.61 due to a change in how the athletic director was paid.

***Debt Service Fund***

The debt service fund had \$27,041,758 in revenues and other financing sources and \$26,750,440 in expenditures and other financing uses. During fiscal year 2014, the debt service fund's fund balance increased \$291,318 from \$4,325,276 to \$4,616,594.

***Permanent Improvement Fund***

The permanent improvement fund had \$961,760 in revenues and \$1,106,213 in expenditures. During fiscal year 2014, the permanent improvement fund's fund balance decreased \$144,453 from \$294,207 to \$149,754.



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$31,468,553, which was higher than the original budgeted revenues estimate of \$30,139,459. Actual revenues and other financing sources for fiscal year 2014 was \$31,353,766.

General fund final appropriations of \$30,411,969 were more than the original budgeted appropriations of \$29,624,727. The actual budget basis expenditures for fiscal year 2014 totaled \$30,334,384, which was \$77,585 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, the District had \$59,882,261 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table show June 30, 2014 balances compared to June 30, 2013:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 2,380,689	\$ 2,380,689
Construction in progress	1,797,249	-
Land improvements	1,232,061	1,268,339
Building and improvements	52,169,743	54,179,364
Equipment and furniture	939,130	864,356
Vehicles	<u>1,363,389</u>	<u>1,161,207</u>
Total	<u>\$ 59,882,261</u>	<u>\$ 59,853,955</u>

The overall increase in capital assets of \$28,306 is primarily due to capital outlays of \$2,786,317 exceeding depreciation expense of \$2,756,695 and net capital asset disposals of \$1,316 in fiscal year 2014. See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2014, the District had \$38,771,513 in general obligation bonds outstanding. Of this total, \$1,750,000 is due within one year and \$37,021,513 is due within greater than one year.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
General obligation bonds:		
Refunding bonds	\$ 32,375,000	\$ 9,795,000
Capital appreciation bonds	3,031,646	3,510,485
Accreted interest on bonds	3,364,867	4,040,920
Serial bonds	-	1,410,000
Capital lease obligations	<u>-</u>	<u>21,565,000</u>
Total	<u>\$ 38,771,513</u>	<u>\$ 40,321,405</u>

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

**Current Financial Related Activities**

The District receives the majority of its funding from two sources: local property taxes and state foundation. In calendar year 2005, real property went through a triennial update with the county auditor that resulted in increases in property values of 12.82% and 2.53% respectively for residential/agricultural and commercial real property. With the overall rise in valuations in 2005 and the passage of a 6.9 mill emergency levy on August 2, 2005, tax revenues from real property increased by 15.94% in fiscal year 2006 and 15.67% in fiscal year 2007. Tax year 2006 also saw the District move 2.38 mills of inside millage to a permanent improvement fund. The District went through a reappraisal in calendar year 2008 and saw a modest increase of 1% in property values.

Data used in the 2008 reappraisal however did not reflect current market conditions. As a result of this, the County Auditor unilaterally, arbitrarily made a decision to reduce all residential property in the county by 10%. As a result, the District lost approximately \$30,000,000 in assessed value. This resulted in a loss of approximately \$400,000 in real property taxes. A triennial update was done in 2012. The District continues to see a modest growth due to new construction (primarily residential homes). During the last several years, new construction has averaged just over 4%. We anticipate this modest growth to continue. In addition, fiscal year 2009 also reflects a reclassification (\$1,836,942) from tangible personal property to General Property Tax (Real Estate). This reclassification related to public utility real taxes that were being coded to tangible personal taxes.

Although growth in new homes has been at a modest 4%, the District has seen a steady increase in our student population. We have seen changes in our ADM of 69, (6), 81, 71, (133) and 46, for fiscal years 2005, 2006, 2007, 2008, 2009 and 2010, respectively. We anticipate seeing an improvement in our economy and are projecting a modest growth of a 1.78% increase in our ADM for fiscal years 2012 through 2015. In July 2009, the State Legislature released their biennial budget, or House Bill 1. HB1 included a new funding model called Pathway to Student Success (PASS). Due to tremendous shortfalls in the state's revenue, HB1 placed the majority of the schools on the "Guarantee". This "Guarantee" reduced state funding 1% from what the District received in fiscal year 2009.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

In addition, fiscal year 2012 saw an additional 2% reduction in state funding from what we received in fiscal year 2009. Fiscal years 2014 and 2015 will see an increase in state funding calculated in accordance with House Bill 59. This was the state's biennial budget passed in June 2013 and per the new funding formula, includes increases of 5.8% and 4.8% for fiscal years 2014 and 2015 respectively. No increase in state funding is anticipated beyond fiscal year 2015. Also, as a result of recent ballot initiatives, the State of Ohio constructed four casinos around the state. A portion of the revenues received from these casinos is targeted for public schools, based on the district's enrollment. All four casinos are in full operation. School districts receive payments each August and January.

Due to the large increase in student enrollment during the last 10 years, the District was faced with an overcrowding issue. To alleviate this problem, the District began having community forums to discuss future construction projects. These meetings were held with the assistance of the OSFC. The OSFC was established over 10 years ago with the expressed purpose of assisting districts in the construction of new buildings or the renovations of existing buildings. The OSFC was partnering with districts across the state by offering financial aid based on the wealth ranking of each district. The poorer the district, the more money the OSFC was able to offer. The difference between the total cost of the project and the amount the OSFC was able to provide needed to be raised locally through a bond issue. The monies the OSFC used in this assistance came from the tobacco settlement.

In 2007, the District was notified by the OSFC that our "turn" had come up and we were eligible for assistance. To receive the OSFC's assistance, the District needed to pass a bond issue for the local share. In February 2009, the District was successful in passing a 4.53 mill, 28 year bond issue. Construction for a new high school began in part of calendar year 2010 and was completed in time for the 2012-2013 school year. The total estimated cost of the project was \$42,000,000, with the OSFC's share at 49% and the local share at 51%. The project was completed in time for the fiscal year 2013 school year and came in under budget by approximately \$4,315,000.

To fund the District's local share (\$26,000,000) of the project, the District issued \$23,000,000 in Build America Bonds on November 12, 2009 and a \$3,000,000 Bond Anticipation Note on December 1, 2009. This note was renewed on November 30, 2010. In July 2013, the board refunded and re-issued these notes. This was done as a result of the Federal "sequestration". The tax credit related to these bonds was reduced by approximately 8% as a result of this program. This saved the District approximately \$3M over the life of the loans.

On May 4, 2010, the District failed in its attempt to pass a 6.88 mil Substitute (replacing the Emergency Levy originally passed in 2005) levy. This levy generated approximately \$2,550,000. As a result of this failure, the District took action to suspend the contracts for school year 2010-2011 of approximately 80 employees. Of those 80, approximately 30 were contracts that were permanently suspended, regardless of the passage of the Substitute Levy. These Reductions in Force (RIF) included administrators as well as certificated and classified staff. The Board also approved all necessary resolutions to place the Substitute Levy on the November 2, 2010 ballot which successfully passed. The millage for the Substitute Levy is 6.16. Collections began in 2011.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Randy Stiver, Treasurer, Edgewood City School District, 3440 Busenbark Road, Trenton, Ohio, 45067-9798.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 17,931,002
Receivables:	
Property taxes . . . . .	17,019,917
Accounts . . . . .	50,769
Accrued interest . . . . .	10,061
Intergovernmental . . . . .	3,034,512
Prepayments . . . . .	2,100
Materials and supplies inventory . . . . .	30,518
Loans receivable . . . . .	750,000
Capital assets:	
Nondepreciable capital assets . . . . .	4,177,938
Depreciable capital assets, net . . . . .	55,704,323
Capital assets, net . . . . .	<u>59,882,261</u>
Total assets . . . . .	<u>98,711,140</u>
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	801,401
Total deferred outflows of resources . . . . .	<u>801,401</u>
 <b>Liabilities:</b>	
Accounts payable . . . . .	109,402
Contracts payable . . . . .	694,715
Retainage payable . . . . .	165,435
Accrued wages and benefits payable . . . . .	3,118,180
Pension obligation payable . . . . .	656,207
Intergovernmental payable . . . . .	163,323
Accrued interest payable . . . . .	133,437
Loans payable . . . . .	750,000
Long-term liabilities:	
Due within one year . . . . .	2,006,953
Due in more than one year . . . . .	39,590,453
Total liabilities . . . . .	<u>47,388,105</u>
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	15,184,460
Total deferred inflows of resources . . . . .	<u>15,184,460</u>
 <b>Net position:</b>	
Net investment in capital assets . . . . .	25,125,833
Restricted for:	
Capital projects . . . . .	2,751,883
Classroom facilities maintenance . . . . .	1,080,149
Debt service . . . . .	1,133,197
Locally funded programs . . . . .	10,812
State funded programs . . . . .	33,934
Federally funded programs . . . . .	90,472
Student activities . . . . .	106,431
Unrestricted . . . . .	6,607,265
Total net position . . . . .	<u>\$ 36,939,976</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 15,404,448	\$ 1,379,439	\$ 5,810	\$ -	\$ (14,019,199)
Special . . . . .	4,896,904	119,300	771,903	-	(4,005,701)
Other . . . . .	55,228	-	-	-	(55,228)
Support services:					
Pupil. . . . .	2,062,794	1,403	327,810	-	(1,733,581)
Instructional staff . . . . .	1,148,532	16,488	126,989	-	(1,005,055)
Board of education . . . . .	148,698	-	-	-	(148,698)
Administration. . . . .	1,970,221	33,631	-	-	(1,936,590)
Fiscal. . . . .	737,013	-	-	560	(736,453)
Business. . . . .	122,204	-	-	-	(122,204)
Operations and maintenance . . . . .	4,413,413	12,067	16,662	34,440	(4,350,244)
Pupil transportation. . . . .	1,577,935	8,874	3,155	-	(1,565,906)
Central . . . . .	269,945	-	-	-	(269,945)
Operation of non-instructional services:					
Other non-instructional services . . . . .	18,681	-	-	-	(18,681)
Food service operations . . . . .	1,487,882	699,429	817,904	-	29,451
Extracurricular activities. . . . .	836,121	233,660	91,725	-	(510,736)
Interest and fiscal charges . . . . .	2,021,321	-	-	-	(2,021,321)
<b>Total governmental activities . . . . .</b>	<b>\$ 37,171,340</b>	<b>\$ 2,504,291</b>	<b>\$ 2,161,958</b>	<b>\$ 35,000</b>	<b>(32,470,091)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					13,969,320
Debt service. . . . .					2,759,756
Facilities maintenance . . . . .					189,812
Capital outlay. . . . .					763,833
Grants and entitlements not restricted					
to specific programs . . . . .					17,851,600
Investment earnings . . . . .					42,929
Increase in fair market value of investments . . . . .					20,009
Miscellaneous . . . . .					224,054
<b>Total general revenues . . . . .</b>					<b>35,821,313</b>
Change in net position . . . . .					3,351,222
<b>Net position at beginning of year . . . . .</b>					<b>33,588,754</b>
<b>Net position at end of year. . . . .</b>					<b>\$ 36,939,976</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 7,676,675	\$ 4,616,594	\$ 2,487,147	\$ 3,150,586	\$ 17,931,002
Receivables:					
Property taxes . . . . .	13,040,643	3,017,407	771,867	190,000	17,019,917
Accounts . . . . .	39,257	-	-	11,512	50,769
Accrued interest . . . . .	-	-	-	10,061	10,061
Interfund loans . . . . .	927,817	-	-	-	927,817
Intergovernmental . . . . .	227,424	-	-	2,807,088	3,034,512
Prepayments . . . . .	2,100	-	-	-	2,100
Materials and supplies inventory . . . . .	-	-	-	30,518	30,518
Loans receivable . . . . .	750,000	-	-	-	750,000
Total assets . . . . .	<u>\$ 22,663,916</u>	<u>\$ 7,634,001</u>	<u>\$ 3,259,014</u>	<u>\$ 6,199,765</u>	<u>\$ 39,756,696</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 104,340	\$ -	\$ -	\$ 5,062	\$ 109,402
Contracts payable . . . . .	-	-	671,958	22,757	694,715
Retainage payable . . . . .	-	-	165,435	-	165,435
Accrued wages and benefits payable . . . . .	2,880,450	-	-	237,730	3,118,180
Compensated absences payable . . . . .	85,787	-	-	-	85,787
Interfund loans payable . . . . .	-	-	750,000	177,817	927,817
Intergovernmental payable . . . . .	152,851	-	-	10,472	163,323
Pension obligation payable . . . . .	591,329	-	-	64,878	656,207
Loans payable . . . . .	-	-	750,000	-	750,000
Total liabilities . . . . .	<u>3,814,757</u>	<u>-</u>	<u>2,337,393</u>	<u>518,716</u>	<u>6,670,866</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year . . . . .	11,226,960	3,002,500	765,000	190,000	15,184,460
Delinquent property tax revenue not available . . . . .	79,448	14,907	6,867	-	101,222
Accrued interest not available . . . . .	-	-	-	4,387	4,387
Intergovernmental revenue not available . . . . .	120,314	-	-	2,403,042	2,523,356
Total deferred inflows of resources . . . . .	<u>11,426,722</u>	<u>3,017,407</u>	<u>771,867</u>	<u>2,597,429</u>	<u>17,813,425</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory . . . . .	-	-	-	30,518	30,518
Prepays . . . . .	2,100	-	-	-	2,100
Long-term loans . . . . .	750,000	-	-	-	750,000
Restricted:					
Debt service . . . . .	-	4,616,594	-	-	4,616,594
Capital improvements . . . . .	-	-	-	1,858,910	1,858,910
Classroom facilities maintenance . . . . .	-	-	-	1,080,149	1,080,149
Special education . . . . .	-	-	-	14,672	14,672
Targeted academic assistance . . . . .	-	-	-	5,019	5,019
Other purposes . . . . .	-	-	-	44,746	44,746
Extracurricular . . . . .	-	-	-	106,431	106,431
Committed:					
Capital improvements . . . . .	-	-	149,754	-	149,754
Assigned:					
Student instruction . . . . .	2,135	-	-	-	2,135
Student and staff support . . . . .	211,036	-	-	-	211,036
School supplies . . . . .	63,668	-	-	-	63,668
Other purposes . . . . .	3,830	-	-	-	3,830
Unassigned (deficit) . . . . .	6,389,668	-	-	(56,825)	6,332,843
Total fund balances . . . . .	<u>7,422,437</u>	<u>4,616,594</u>	<u>149,754</u>	<u>3,083,620</u>	<u>15,272,405</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,663,916</u>	<u>\$ 7,634,001</u>	<u>\$ 3,259,014</u>	<u>\$ 6,199,765</u>	<u>\$ 39,756,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	15,272,405
<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.			59,882,261
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	101,222	
Accrued interest receivable		4,387	
Intergovernmental receivable		2,523,356	
Total		<u>2,628,965</u>	2,628,965
Unamortized premiums on bonds issued are not recognized in the funds.			(1,468,858)
Unamortized amounts on refundings are not recognized in the funds.			801,401
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		(9,670,000)	
General obligation capital appreciation bonds		(3,031,646)	
General obligation serial bonds		(9,820,000)	
General obligation term bonds		(12,885,000)	
Accreted interest payable		(3,364,867)	
Lease purchase agreement		(126,000)	
Compensated absences		(1,145,248)	
Accrued interest payable		(133,437)	
Total		<u>(40,176,198)</u>	(40,176,198)
<b>Net position of governmental activities</b>		<u>\$</u>	<u>36,939,976</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 13,946,380	\$ 2,758,967	\$ 761,835	\$ 189,812	\$ 17,656,994
Tuition . . . . .	1,016,427	-	-	-	1,016,427
Transportation fees . . . . .	6,176	-	-	-	6,176
Earnings on investments . . . . .	26,702	-	-	15,680	42,382
Charges for services . . . . .	-	-	-	708,151	708,151
Extracurricular . . . . .	312,844	-	10,000	185,215	508,059
Classroom materials and fees . . . . .	232,224	-	-	-	232,224
Rental income . . . . .	5,330	-	-	-	5,330
Contributions and donations . . . . .	1,155	-	15,000	51,500	67,655
Contract services . . . . .	37,924	-	-	-	37,924
Other local revenues . . . . .	224,054	-	10,000	120,721	354,775
Intergovernmental - state . . . . .	16,992,966	726,269	164,925	30,954	17,915,114
Intergovernmental - federal . . . . .	58,749	-	-	1,939,415	1,998,164
Increase in fair market value of investments . . . . .	-	-	-	20,009	20,009
Total revenues . . . . .	<u>32,860,931</u>	<u>3,485,236</u>	<u>961,760</u>	<u>3,261,457</u>	<u>40,569,384</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	14,006,648	-	-	512,469	14,519,117
Special . . . . .	4,155,653	-	-	728,832	4,884,485
Other . . . . .	55,228	-	-	-	55,228
Support services:					
Pupil . . . . .	1,819,289	-	-	243,326	2,062,615
Instructional staff . . . . .	978,712	-	-	140,946	1,119,658
Board of education . . . . .	148,698	-	-	-	148,698
Administration . . . . .	1,935,775	-	-	-	1,935,775
Fiscal . . . . .	674,576	45,120	15,054	-	734,750
Business . . . . .	108,498	-	-	-	108,498
Operations and maintenance . . . . .	2,988,347	-	1,600	93,616	3,083,563
Pupil transportation . . . . .	1,454,397	-	-	320,803	1,775,200
Central . . . . .	271,293	-	-	-	271,293
Operation of non-instructional services:					
Other operation of non-instructional . . . . .	11,227	-	-	6,514	17,741
Food service operations . . . . .	-	-	-	1,478,456	1,478,456
Extracurricular activities . . . . .	478,518	-	-	277,345	755,863
Facilities acquisition and construction . . . . .	-	-	1,089,559	1,039,339	2,128,898
Debt service:					
Principal retirement . . . . .	91,445	1,750,000	-	-	1,841,445
Interest and fiscal charges . . . . .	9,876	1,400,486	-	-	1,410,362
Bond issuance costs . . . . .	-	249,951	-	-	249,951
Total expenditures . . . . .	<u>29,188,180</u>	<u>3,445,557</u>	<u>1,106,213</u>	<u>4,841,646</u>	<u>38,581,596</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,672,751</u>	<u>39,679</u>	<u>(144,453)</u>	<u>(1,580,189)</u>	<u>1,987,788</u>
<b>Other financing sources (uses):</b>					
Premium on refunding bonds sold . . . . .	-	851,522	-	-	851,522
Proceeds from refunding bonds . . . . .	-	22,705,000	-	-	22,705,000
Transfers in . . . . .	-	-	-	85,000	85,000
Transfers (out) . . . . .	-	-	-	(85,000)	(85,000)
Payment to refunding bond escrow agent . . . . .	-	(23,304,883)	-	-	(23,304,883)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>251,639</u>	<u>-</u>	<u>-</u>	<u>251,639</u>
Net change in fund balances . . . . .	3,672,751	291,318	(144,453)	(1,580,189)	2,239,427
<b>Fund balances at beginning of year . . . . .</b>	<b>3,749,686</b>	<b>4,325,276</b>	<b>294,207</b>	<b>4,656,994</b>	<b>13,026,163</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,815</b>	<b>6,815</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 7,422,437</u></b>	<b><u>\$ 4,616,594</u></b>	<b><u>\$ 149,754</u></b>	<b><u>\$ 3,083,620</u></b>	<b><u>\$ 15,272,405</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER 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, 2014

**Net change in fund balances - total governmental funds** \$ 2,239,427

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 2,786,317	
Current year depreciation	<u>(2,756,695)</u>	
Total		29,622

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (1,316)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. 6,815

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

Property taxes	25,727	
Earnings on investments	929	
Intergovernmental	<u>(73,478)</u>	
Total		(46,822)

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. Principal payments during the year were:

Bonds	1,750,000	
Lease purchase agreement	39,000	
Capital leases	<u>52,445</u>	
Total		1,841,445

Refunding bond issuances are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (22,705,000)

Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. 23,304,883

Premiums on bond related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. (851,522)

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:

Increase in accrued interest payable	93,016	
Accreted interest on capital appreciation bonds	(470,108)	
Amortization of bond premiums	67,487	
Amortization of deferred charges	<u>(51,403)</u>	
Total		(361,008)

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. (105,302)

**Change in net position of governmental activities** \$ 3,351,222

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 12,398,156	\$ 12,944,362	\$ 12,897,145	\$ (47,217)
Tuition. . . . .	977,102	1,020,148	1,016,427	(3,721)
Transportation fees. . . . .	5,937	6,199	6,176	(23)
Earnings on investments . . . . .	24,033	26,333	26,237	(96)
Extracurricular. . . . .	47,371	49,458	49,278	(180)
Classroom materials and fees . . . . .	88,392	92,287	91,950	(337)
Rental income . . . . .	4,172	4,356	4,340	(16)
Contract services. . . . .	11,451	11,956	11,912	(44)
Other local revenues . . . . .	35,129	36,723	36,589	(134)
Intergovernmental - state . . . . .	16,335,510	17,055,178	16,992,966	(62,212)
Intergovernmental - federal . . . . .	50,726	52,961	52,768	(193)
<b>Total revenues . . . . .</b>	<b>29,977,980</b>	<b>31,299,960</b>	<b>31,185,788</b>	<b>(114,172)</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,363,008	13,685,929	13,651,014	34,915
Special. . . . .	4,181,498	3,966,038	3,955,920	10,118
Other. . . . .	77,993	55,369	55,228	141
Support services:				
Pupil. . . . .	2,016,777	1,800,486	1,795,893	4,593
Instructional staff . . . . .	1,128,124	1,150,287	1,147,352	2,935
Board of education . . . . .	152,204	143,552	143,186	366
Administration. . . . .	1,891,897	1,843,411	1,838,708	4,703
Fiscal . . . . .	753,547	702,331	700,539	1,792
Business . . . . .	108,810	97,149	96,901	248
Operations and maintenance. . . . .	2,791,919	3,031,794	3,024,059	7,735
Pupil transportation . . . . .	1,447,673	1,437,837	1,434,169	3,668
Central. . . . .	201,041	273,755	273,057	698
Other operation of non-instructional services . . . . .	11,750	9,302	9,278	24
Extracurricular activities. . . . .	449,873	463,899	462,716	1,183
Debt service:				
Principal . . . . .	40,022	39,100	39,000	100
Interest and fiscal charges. . . . .	8,247	7,104	7,086	18
Bond issuance costs . . . . .	344	570	569	1
<b>Total expenditures . . . . .</b>	<b>29,624,727</b>	<b>28,707,913</b>	<b>28,634,675</b>	<b>73,238</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	353,253	2,592,047	2,551,113	(40,934)
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	122,321	127,710	127,244	(466)
Transfers (out). . . . .	-	(948)	(946)	2
Advances in. . . . .	8,318	8,685	8,653	(32)
Advances (out) . . . . .	-	(1,703,108)	(1,698,763)	4,345
Sale of capital assets . . . . .	30,840	32,198	32,081	(117)
<b>Total other financing sources (uses) . . . . .</b>	<b>161,479</b>	<b>(1,535,463)</b>	<b>(1,531,731)</b>	<b>3,732</b>
Net change in fund balance . . . . .	514,732	1,056,584	1,019,382	(37,202)
<b>Fund balance at beginning of year . . . . .</b>	<b>6,259,814</b>	<b>6,259,814</b>	<b>6,259,814</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>124,727</b>	<b>124,727</b>	<b>124,727</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 6,899,273</b>	<b>\$ 7,441,125</b>	<b>\$ 7,403,923</b>	<b>\$ (37,202)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 22,005	\$ 47,545
Total assets . . . . .	22,005	\$ 47,545
<b>Liabilities:</b>		
Intergovernmental payable . . . . .	-	\$ 1
Due to students . . . . .	-	47,544
Total current liabilities . . . . .	-	47,545
Total liabilities . . . . .	-	\$ 47,545
<b>Net position:</b>		
Held in trust for scholarships . . . . .	22,005	
Total net position . . . . .	\$ 22,005	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 16,161
Total additions . . . . .	16,161
<b>Deductions:</b>	
Scholarships awarded . . . . .	18,319
Change in net position . . . . .	(2,158)
<b>Net position at beginning of year . . . . .</b>	<b>24,163</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 22,005</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Edgewood City School District (the “District”) was formed on February 14, 1968 with the consolidation of Trenton City School District and Shiloh Local School District. Today, the District operates under current standards prescribed by the Ohio State Board of Education, as provided in division (D) of Section 3301.07, and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. This Board controls the District’s instructional and support facilities, staffed by 233 certified full-time teaching and administrative personnel and 150 classified personnel, who provide services to approximately 3,750 students and other community members.

The District ranks as the 124<sup>th</sup> largest by enrollment among the 918 public school districts and community schools in the State. It currently operates 1 early childhood center, 2 elementary schools, 1 middle school and 1 comprehensive high school.

**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).

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Southwest Ohio Computer Association

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three-county consortium of Ohio 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 of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge, dependent upon the software package utilized.

The Governing Board of SWOCA is comprised of the superintendent of each of the member districts, plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

Financial information can be obtained from K. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Butler Technology & Career Development Schools

The Technology & Career Development Schools is a vocational school district, and is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Technology & Career Development School accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District.

**B. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources 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, current deferred outflows of resources, current liabilities and current 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 include reconciliations 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.

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

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

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount 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.

**D. 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. The District has no proprietary funds.

*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 plus deferred outflows of resources and liabilities plus 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.



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

Debt service fund - The debt service fund is used to account for the accumulation of resources restricted for the payment of general obligation bond principal, interest and related costs.

Permanent improvement fund - The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of such improvements as are authorized by Chapter 5705, Revised Code.

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.

*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 scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The specific timetable for fiscal year 2014 is as follows:

1. 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.
2. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for tax rate determination.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

3. Prior to 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 a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. 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 statement reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2014.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2014.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments."

During fiscal year 2014, the District had investments in negotiable certificates of deposit, negotiable CDs, U.S. government money market mutual funds, federal agency securities and in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2014.

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 2014 amounted to \$26,702, which includes \$9,288 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool are considered to be cash equivalents. Investments not part of the cash management pool with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. On the government wide financial statements, inventories are expensed when used. On the fund financial statements, an expenditure is recorded when the inventory is purchased. Inventories are accounted for using the consumption method on the statement of activities and the purchase method on the governmental fund statements. On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance.

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

**H. Capital Assets**

General capital 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 retirements 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 possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	10 - 30 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**I. Interfund Balances**

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

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the financial statement 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. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

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

**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, 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, lease-purchase agreements, capital lease obligations and notes payable are recognized as a liability on the fund financial statements when due.

**L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss**

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expended/expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of 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 a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond 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.A.

**M. 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. It also includes the long-term amount of loans receivable.

*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.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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.

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.

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

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

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

**O. 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 on the balance sheet 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. On the fund financial statements, reported prepayments are offset by a nonspendable fund balance.

**P. 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.

**Q. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2014, the balance in the budget stabilization reserve was \$123,233. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

**R. 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 and are eliminated on the statement of activities. 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 transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 67, "*Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*", and GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*".

GASB Statement No. 67 improves the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I	\$ 30,971
IDEA Part B	38

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;



**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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 \$550 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$4,941,958. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$250,000 of the District's bank balance of \$5,504,169 was covered by the FDIC, while \$5,254,169 was exposed to custodial risk as discussed below.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**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.

The District does not have a deposit policy specifically addressing its depository accounts with financial institutions.

**C. Investments**

Investments are made in order to seek preservation of capital in the portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The portfolio is managed in such a way as to equal or exceed the market average rate of return. The portfolio remains sufficiently liquid to enable the District to meet reasonably anticipated operational requirements.

The District may invest in those instruments defined in Chapter 135 ORC and other relevant sections of the Ohio Revised Code at a price not exceeding their fair market value. Cash flow requirements are considered in determining the term of an investment. Provided these requirements have been satisfied, maturity length is determined by market conditions and interest rate forecasts. Investments of the District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific investment instrument. All investments and deposits are collateralized pursuant to the Ohio Revised Code.

In addition to these policies, all relevant sections of the Ohio Revised Code are adhered to at all times.

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
U.S. Government money market	\$ 1,137,273	\$ 1,137,273	\$ -	\$ -	\$ -	\$ -
Negotiable CDs	4,254,698	1,001,093	1,499,933	1,501,285	-	252,387
FHLB	2,096,778	-	-	-	797,736	1,299,042
FHLM	801,728	-	-	-	-	801,728
FHLBN	800,264	-	-	-	-	800,264
STAR Ohio	<u>3,967,303</u>	<u>3,967,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,058,044</u>	<u>\$ 6,105,669</u>	<u>\$ 1,499,933</u>	<u>\$ 1,501,285</u>	<u>\$ 797,736</u>	<u>\$ 3,153,421</u>

The weighted average maturity of investments is 1.16 years.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

*Credit Risk:* STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities and U.S. Government money markets were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Negotiable CDs are not rated.

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market	\$ 1,137,273	8.71
Negotiable CDs	4,254,698	32.58
FHLB	2,096,778	16.06
FHLM	801,728	6.14
FHLBN	800,264	6.13
STAR Ohio	3,967,303	30.38
Total	<u>\$ 13,058,044</u>	<u>100.00</u>

**D. 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 disclosure above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 4,941,958
Investments	13,058,044
Cash on hand	550
Total	<u>\$ 18,000,552</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 17,931,002
Private-purpose trust fund	22,005
Agency fund	47,545
Total	<u>\$ 18,000,552</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. At June 30, 2014, interfund loans receivable and payable reported in the fund financial statements consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Permanent Improvement fund	\$ 750,000
General Fund	Nonmajor governmental funds	<u>177,817</u>
Total		<u><u>927,817</u></u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the statement of net position.

- B. Long-term advances to/from other funds at June 30, 2013 as reported on the fund statements, consisted of the following individual loans receivable and payable:

	<u>Amount</u>
<u>Long term advances from the general fund to:</u>	
Permanent improvement fund	<u><u>\$ 750,000</u></u>

Advances to and from other funds are long-term loans and are not expected to be repaid within one year.

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

- C. Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfers from the nonmajor governmental funds to:</u>	
Non major governmental funds	<u><u>\$ 85,000</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) restrict revenues for debt service through transfers from the funds collecting the receipts to the debt service fund (a nonmajor governmental fund) as debt service payments become due. This transfer between capital projects funds was approved by the Ohio Facilities Construction Commission (OFCC).

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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 Butler County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,734,235 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$685,000 in the general 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.

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.

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 319,902,000	70.87	\$ 316,064,410	71.14
Public utility personal	<u>131,468,100</u>	<u>29.13</u>	<u>128,230,500</u>	<u>28.86</u>
Total	<u>\$ 451,370,100</u>	<u>100.00</u>	<u>\$ 444,294,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 50.16		\$ 50.26	

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 consisted of property 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.

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 17,019,917
Accounts	50,769
Accrued interest	10,061
Intergovernmental	<u>3,034,512</u>
Total	<u>\$ 20,115,259</u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except for \$2,332,261 of intergovernmental grants due from the Ohio Facilities Construction Commission (OFCC), are expected to be collected in the subsequent year. The OFCC grant amount will be collected over the life of the construction project.

**NOTE 8 - CAPITAL ASSETS**

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

	Balance <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/14</u>
<b><u>Governmental activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,380,689	\$ -	\$ -	\$ 2,380,689
Construction in progress	<u>-</u>	<u>1,797,249</u>	<u>-</u>	<u>1,797,249</u>
<i>Total capital assets, not being depreciated</i>	<u>2,380,689</u>	<u>1,797,249</u>	<u>-</u>	<u>4,177,938</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,651,396	37,975	-	1,689,371
Buildings and improvements	72,662,155	280,739	-	72,942,894
Equipment and furniture	4,394,917	355,243	-	4,750,160
Vehicles	<u>2,306,091</u>	<u>315,111</u>	<u>(28,767)</u>	<u>2,592,435</u>
<i>Total capital assets, being depreciated</i>	<u>81,014,559</u>	<u>989,068</u>	<u>(28,767)</u>	<u>81,974,860</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(383,057)	(74,253)	-	(457,310)
Buildings and improvements	(18,482,791)	(2,290,360)	-	(20,773,151)
Equipment and furniture	(3,530,561)	(280,469)	-	(3,811,030)
Vehicles	<u>(1,144,884)</u>	<u>(111,613)</u>	<u>27,451</u>	<u>(1,229,046)</u>
<i>Total accumulated depreciation</i>	<u>(23,541,293)</u>	<u>(2,756,695)</u>	<u>27,451</u>	<u>(26,270,537)</u>
Total capital assets, net	<u>\$ 59,853,955</u>	<u>\$ 29,622</u>	<u>\$ (1,316)</u>	<u>\$ 59,882,261</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,115,368
Special	1,297
<u>Support services:</u>	
Pupil	1,240
Instructional staff	59,183
Administration	10,143
Fiscal	1,428
Operations and maintenance	1,364,766
Pupil transportation	114,156
Other non-instructional services	940
Extracurricular activities	84,267
Food service operations	<u>3,907</u>
Total depreciation expense	<u>\$ 2,756,695</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In fiscal years 2010 and 2009, the District entered into leases for copiers. These lease agreements meet the criteria of capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of copiers have been capitalized in the amount of \$269,889. This amount represents the present values of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2014 was \$245,333, leaving a book value of \$24,556. Principal payments in fiscal year 2014 totaled \$52,445 paid by the general fund.

The District fulfilled its capital lease obligation during fiscal year 2014.

**NOTE 10 - LEASE-PURCHASE AGREEMENTS**

On June 30, 2004, the District entered into a \$439,000 lease-purchase agreement with Columbus Regional Airport Authority to finance the construction, enlarging or other improvement, furnishing and equipping, lease and eventual acquisition, of various building improvements on District sites. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the District. Principal payments in fiscal year 2014 totaled \$39,000 paid by the general fund.

A liability in the amount of the present value of minimum lease payments has been recorded in the governmental activities of the District.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 10 - LEASE-PURCHASE AGREEMENTS - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreements and the present value of the minimum lease payments as of June 30, 2014.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 46,381
2016	46,366
2017	<u>46,251</u>
Total minimum lease payments	138,998
Less: amount representing interest	<u>(12,998)</u>
Total	<u><u>\$ 126,000</u></u>

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2014, the following activity occurred in governmental activities long-term obligations:

	Balance 6/30/13	Increases	Decreases	Balance 6/30/14	Amount Due Within One Year
<b><u>Governmental activities:</u></b>					
<b><u>G.O. Bonds - Series 1999</u></b>					
Capital appreciation bonds	\$ 1,310,506	\$ -	\$ (478,839)	\$ 831,667	\$ 440,180
Accreted interest on bonds	2,979,350	309,058	(1,146,161)	2,142,247	1,184,820
<b><u>G.O. Refunding Bonds - Series 2005</u></b>					
Current interest bonds	6,890,000	-	(50,000)	6,840,000	50,000
Capital appreciation bonds	2,199,979	-	-	2,199,979	-
Accreted interest on bonds	1,061,570	161,050	-	1,222,620	-
<b><u>G.O. Bonds - Series 2009</u></b>					
Serial bonds	1,410,000	-	(1,410,000)	-	-
Term bonds	21,565,000	-	(21,565,000)	-	-
<b><u>G.O. Bonds - Series 2011</u></b>					
Current interest bonds	2,905,000	-	(75,000)	2,830,000	75,000
<b><u>2014 Series Bonds</u></b>					
Serial bonds	-	9,820,000	-	9,820,000	-
Term bonds	-	12,885,000	-	12,885,000	-
Lease purchase agreements	165,000	-	(39,000)	126,000	40,000
Capital lease obligations	52,445	-	(52,445)	-	-
Compensated absences	1,133,488	452,126	(354,579)	1,231,035	216,953
<b>Total</b>	<b>\$ 41,672,338</b>	<b>\$ 23,627,234</b>	<b>\$ (25,171,024)</b>	<b>40,128,548</b>	<b>\$ 2,006,953</b>
Unamortized premium on refunding bonds				1,468,858	
Total long-term liabilities on statement of net position				<u>\$ 41,597,406</u>	

**General Obligation Bonds - Series 1999:** On May 27, 1999, the District issued general obligation improvement and refunding bonds, which included both current interest and capital appreciation bonds, in order to make major improvements and additions to three of the District's facilities. During fiscal year 2005, the current interest improvement bonds were advance refunded and are considered defeased in-substance. The current interest refunding bonds and the capital appreciation improvement bonds will be retired from the debt service fund with revenue generated from a 6.25 mil bonded debt levy.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

At June 30, 2014, the non-refunded portion of the advance refunding issue is comprised of capital appreciation bonds, par value \$831,667. The capital appreciation bonds mature on December 1 of 2014 and 2015 (approximate initial offering yield at maturity ranging from 5.10%-5.25%) at a redemption price equal to 100% of the principal, plus accreted interest to the redemption date. The present value reported on the statement of net position at June 30, 2014 is \$2,973,914. Total accreted interest of \$2,142,247 has been included on the statement of net position.

General Obligation Bonds - Series 2005: On March 15, 2005, the District issued general obligation refunding bonds, which included both current interest and capital appreciation bonds, in order to advance refund \$15,040,000 of the General Obligation Bonds - Series 1999 improvement bonds. The proceeds from the issuance were used to purchase securities, which were placed in an irrevocable trust in order to provide resources for all future debt service payments on the advance refunded debt. This advance refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2014 was \$10,285,000.

The advance refunding issue is comprised of both current interest bonds, par value \$12,840,000, and capital appreciation bonds, par value \$2,199,979. The average interest rate on the current interest bonds is 3.90%. The capital appreciation bonds mature December 1, 2016 and December 1, 2017 (effective interest rate 4.878%) at a redemption price equal to 100% of the principal, plus accreted interest to the redemption date. The present value of the capital appreciation bonds reported on the statement of net position at June 30, 2014 is \$3,422,599. Total accreted interest of \$1,222,621 has been included on the statement of net position.

School Improvement General Obligation Bonds - Series 2009 - On November 12, 2009, the District issued School Improvement General Obligation Unlimited Tax Bonds, Series 2009, (Federally Taxable - Issuer Subsidy- Build America Bonds) in the amount of \$23,000,000, for constructing, adding to, renovating, remodeling, furnishing, equipping, and improving District buildings. The bond issue included serial and term bonds, in the amount of \$1,410,000 and \$21,590,000, respectively. The interest rates on the serial and term bonds range from 5.40% to 7.50%. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2038. The bonds will be retired through the debt service fund. The District refunded the remaining total of these bonds in the amount of \$22,975,000 on July 11, 2013.

School Improvement Series 2011 - On November 17, 2011, the District issued \$2,980,000 in general obligations bonds to provide financing for various construction projects. The issued is comprised current interest bonds, par value \$2,980,000. The interest rates on the current interest bonds range from 2.00% - 4.375%. The bonds have a final maturity date of December 1, 2037.

General Obligation Unlimited Tax Refunding Bonds - Series 2013 - On July 11, 2013, the District issued series 2013 General Obligation Unlimited Tax Refunding Bonds to advance refund the Series 2009 School Improvement General Obligation Unlimited Tax Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded general obligation bonds at June 30, 2014, is \$22,970,000.

This refunding issue is comprised of both serial and term bonds, in the amount of \$9,820,000 and \$12,885,000, respectively. The interest rates on the serial and term bonds range from 2.625% to 5.000% and 4.750% to 5.250%, respectively. The bonds were issued for a twenty-four year period, with final maturity during fiscal year 2038. The bonds will be retired through the debt service fund.

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Issuance proceeds totaling \$23,304,883 were deposited with an escrow agent. These bonds were issued with a premium of \$851,522, which is reported as an other financing source on the fund financial statements. The issuance costs of \$249,951 are reported as an expenditure on the fund financial statements.

Interest payments on the serial and term current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028 for the serial bond and December 1, 2033 and 2037 for the term bonds.

The \$6,235,000 current interest term bond maturing on December 1, 2033, shall bear interest at the rate of 5.250% per year and be subject to mandatory sinking fund redemption on December 1, 2029, and each December 1 thereafter (with the balance of \$1,465,000 to be paid at stated maturity on December 1, 2033), at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year (December 1)</u>	<u>Amount</u>
2029	\$ 1,075,000
2030	1,170,000
2031	1,230,000
2032	1,295,000

The \$6,650,000 current interest term bond maturing on December 1, 2037, shall bear interest at the rate of 4.750% per year and be subject to mandatory sinking fund redemption on December 1, 2034, and each December 1 thereafter (with the balance of \$1,800,000 to be paid at stated maturity on December 1, 2037), at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year (December 1)</u>	<u>Amount</u>
2034	\$ 1,530,000
2035	1,600,000
2036	1,720,000

The reacquisition price exceeded the net carrying amount of the old debt by \$329,883. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

This advance refunding was undertaken to reduce the total debt service payments over the next 24 years by \$3,041,043 and resulted in a net present value economic gain of \$689,204.

Lease Purchase Agreements: See Note 10 for details.

Capital Lease Obligations: See Note 9 for details.

Compensated Absences: Compensated absences will be paid out of the funds from which the employees salaries are paid, which is primarily the general fund for the District.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	<u>General Obligation Bonds - Series 1999</u>		
	<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 440,180	\$ 1,184,820	\$ 1,625,000
2016	391,487	1,218,512	1,609,999
Total	<u>\$ 831,667</u>	<u>\$ 2,403,332</u>	<u>\$ 3,234,999</u>

Fiscal Year Ending June 30,	<u>General Obligation Refunding Bonds - Series 2005</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	50,000	\$ 324,403	\$ 374,403	\$ -	\$ -	\$ -
2016	275,000	322,403	597,403	-	-	-
2017	-	310,715	310,715	1,113,979	841,021	1,955,000
2018	-	310,715	310,715	1,086,000	914,000	2,000,000
2019	2,115,000	310,715	2,425,715	-	-	-
2020 - 2024	3,090,000	782,525	3,872,525	-	-	-
2025 - 2026	1,310,000	85,500	1,395,500	-	-	-
Total	<u>\$ 6,840,000</u>	<u>\$ 2,446,976</u>	<u>\$ 9,286,976</u>	<u>\$ 2,199,979</u>	<u>\$ 1,755,021</u>	<u>\$ 3,955,000</u>

Fiscal Year Ending June 30,	<u>School Improvement Bonds - Series 2011</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 104,464	\$ 179,464
2016	75,000	102,964	177,964
2017	85,000	101,464	186,464
2018	85,000	99,679	184,679
2019	100,000	97,894	197,894
2020-2024	470,000	452,619	922,619
2025-2029	575,000	358,155	933,155
2030-2034	695,000	233,665	928,665
2035-2038	670,000	74,760	744,760
	<u>\$ 2,830,000</u>	<u>\$ 1,625,664</u>	<u>\$ 4,455,664</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ending June 30,	Current Interest Serial Bonds - Refunding 2013			Current Interest Term Bonds - Refunding 2013		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ -	\$ 1,091,175	\$ 1,091,175	\$ -	\$ -	\$ -
2016	-	1,091,175	1,091,175	-	-	-
2017	-	1,091,175	1,091,175	-	-	-
2018	-	1,091,175	1,091,175	-	-	-
2019	50,000	1,091,175	1,141,175	-	-	-
2020 - 2024	4,450,000	5,136,113	9,586,113	-	-	-
2025 - 2029	5,320,000	3,971,962	9,291,962	-	-	-
2030 - 2034	-	-	-	6,235,000	2,608,900	8,843,900
2035-2038	-	-	-	6,650,000	811,775	7,461,775
<b>Total</b>	<b>\$ 9,820,000</b>	<b>\$ 14,563,950</b>	<b>\$ 24,383,950</b>	<b>\$ 12,885,000</b>	<b>\$ 3,420,675</b>	<b>\$ 16,305,675</b>

Fiscal Year Ending June 30,	Total - Refunding Bonds 2013		
	Principal	Interest	Total
2015	\$ -	\$ 1,091,175	\$ 1,091,175
2016	-	1,091,175	1,091,175
2017	-	1,091,175	1,091,175
2018	-	1,091,175	1,091,175
2019	50,000	1,091,175	1,141,175
2020 - 2024	4,450,000	5,136,113	9,586,113
2025 - 2029	5,320,000	3,971,962	9,291,962
2030 - 2034	6,235,000	2,608,900	8,843,900
2035-2038	6,650,000	811,775	7,461,775
<b>Total</b>	<b>\$ 22,705,000</b>	<b>\$ 17,984,625</b>	<b>\$ 40,689,625</b>

**C. Legal Debt Margins**

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 margins 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 calculations 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, 2014 are a legal voted debt margin of \$444,294,910 (including available funds of \$4,616,594), and a legal unvoted debt margin of \$444,295.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 12 - RISK MANAGEMENT**

- A. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2014, the District purchased commercial coverage for property and general liability insurance, including boilers and machinery valued at \$98,800,000 with a \$1,000,000 single occurrence limit and a \$2,500 deductible.

Professional liability is protected by Ohio Casualty with a \$3,000,000 annual aggregate/\$1,000,000 single occurrence limit and a \$1,000 per claim deductible. Vehicles are covered by Ohio Casualty and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. The District also carries an umbrella policy with Ohio Casualty with a \$2,000,000 annual aggregate and a \$1,000,000 single occurrence limit.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2013.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**B. Workers' Compensation**

As a penalty-rated organization, the District is not eligible for group rating due to the fact that the total claims cost, including compensation, medical costs and reserves, exceeded the established amount of the District's expected losses set by the Ohio Bureau of Workers' Compensation (BWC). However, the District does see the need to become proactive in the management of claims in order to decrease the financial impact of claims on the District's premiums. To that end, the District strives to implement workplace safety solutions and cost-saving strategies in order to be able to participate once again in the Group Rating Program. Until that time occurs, the District participates in the Cincinnati Regional Chamber Group Retrospective participating employers pay their annual premiums as scheduled. The BWC will then conduct three (3) annual evaluations following the completion of the retro year to determine refund opportunities. The District received \$14,718 during fiscal year 2014 for the rate year ending December 31, 2012

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 13 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$558,202, \$498,079 and \$511,345, respectively; 65.74 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,766,423, \$1,686,110 and \$1,871,552, respectively; 83.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$57,106 made by the District and \$44,869 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14- POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14- POSTEMPLOYMENT BENEFITS - (Continued)**

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$72,215, \$64,839 and \$87,707, respectively; 65.74 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$32,384, \$28,136 and \$30,198, respectively; 65.74 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy -Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$135,879, \$129,701 and \$143,966, respectively; 83.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 a assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) 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	\$ 1,019,382
Net adjustment for revenue accruals	1,208,153
Net adjustment for expenditure accruals	(171,883)
Net adjustment for other sources/uses	1,531,731
Funds budgeted elsewhere	38,227
Adjustment for encumbrances	47,141
GAAP basis	<u>\$ 3,672,751</u>

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 trust fund, the uniform school supplies fund and the public school support fund.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District has lawsuits outstanding, but management does not believe that potential losses, if any, will be material to the financial statements.

**NOTE 17 - 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.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	612,559
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(926,760)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (314,201)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

**NOTE 17 - SET-ASIDES - (Continued)**

The District had current year qualifying disbursements and offsets that reduced the textbook set-aside amount to below zero. This negative balance is therefore not being presented as being carried forward to the future fiscal year.

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are for subsequent-year expenditures and 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 Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 49,744
Permanent Improvement	1,242,799
Other governmental	<u>142,795</u>
 Total	 <u>\$ 1,435,338</u>

**EDGEWOOD CITY SCHOOL DISTRICT**  
Butler County

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>United States Department of Agriculture</b>				
<i>Passed through the Ohio Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Donation)</i>				
National School Lunch Program	N/A	10.555	\$ 62,519	\$ 62,519
School Breakfast Program	05-PU	10.553	126,264	126,264
National School Lunch Program	LLP4	10.555	488,237	488,327
Child Nutrition Cluster Total			<u>614,501</u>	<u>614,591</u>
Child and Adult Care Food Program	CCMO	10.558	3,200	3,200
Total United States Department of Agriculture			<u>680,220</u>	<u>680,310</u>
<b>United States Department of Education</b>				
<i>Passed through Ohio Department of Education</i>				
<i>Title I Part A Cluster:</i>				
Title I Grants to Local Educational Agencies	C1S1	84.010	437,661	484,927
Title I Part A Cluster Total			<u>437,661</u>	<u>484,927</u>
<i>Special Education Cluster:</i>				
Special Education - Grants to States	6BSF	84.027	428,433	536,152
Special Education - Preschool Grants	PGS1	84.173	3,474	3,474
Special Education Cluster Total			<u>431,907</u>	<u>539,626</u>
Improving Teacher Quality State Grants	TRS1	84.367	63,253	59,733
Total United States Department of Education			<u>932,821</u>	<u>1,084,286</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>				
Community Alternative Funding System (CAFS)	N/A	93.778	35,655	35,655
Total U.S. Department of Health and Human Services			<u>35,655</u>	<u>35,655</u>
<b>Total Federal Awards</b>			<u>\$ 1,648,696</u>	<u>\$ 1,800,251</u>

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY**

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

**NOTE A – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DISTRIBUTION**

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

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

**NOTE C – MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditures of non-Federal matching funds is not included on the Schedule.



## Caudill & Associates, CPA PLLC

P.O. Box 751, South Shore, KY 41175

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Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

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

Edgewood City School District  
3440 Busenbark Road  
Trenton, Ohio 45067

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 Edgewood City School District, Butler County, (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 12, 2015.

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

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

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

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

#### **Compliance and Other Matters**

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

Edgewood City School District  
Butler County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards* (Continued)

**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.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
March 12, 2015





## Caudill & Associates, CPA PLLC

P.O. Box 751, South Shore, KY 41175

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Kentucky Society of Certified Public Accountants

### **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**

Edgewood City School District  
3440 Busenbark Road  
Trenton, Ohio 45067

To the Board of Education:

#### **Report on Compliance for the Major Federal Programs**

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

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

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

#### **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 Programs**

In our opinion, Edgewood City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

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

**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 the major federal programs, 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.

*Caudill & Associates, CPA*

Caudill & Associates, CPA PLLC  
March 12, 2015

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other Significant Control Deficiency(ies) reported at the financial statement level (GAGAS)?</b>	None Reported
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiency(ies) in internal control reported for major federal programs?</b>	None Reported
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #84.027 Special Education Grants to States CFDA #84.173 Special Education Preschool Grants
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
*OMB CIRCULAR A-133 §.505*  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**None**

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

**None**

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

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

No prior year findings noted.

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# Dave Yost • Auditor of State

**EDGEWOOD CITY SCHOOL DISTRICT**

**BUTLER 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  
MAY 21, 2015**