

---

*ALGER & ASSOCIATES, Inc.*



---

**OLMSTED FALLS CITY SCHOOL DISTRICT**  
**CUYAHOGA COUNTY**

**A&A**  
**SINGLE AUDIT**

FOR THE YEAR ENDED

June 30, 2016

Karen S. Alger, CPA, CGFM –  
Managing Partner  
6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone (330) 354-2327  
Fax (330) 768-7574

Gary L. Alger, CPA  
Partner  
6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574





# Dave Yost • Auditor of State

Board of Education  
Olmsted Falls City School District  
26937 Bagley Road  
Olmsted Falls, Ohio 44138

We have reviewed the *Independent Auditor's Report* of the Olmsted Falls City School District, Cuyahoga County, prepared by Alger & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 31, 2017



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1	
Management’s Discussion and Analysis .....	5 - 15	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	16	
Statement of Activities .....	17	
Fund Financial Statements:		
Balance Sheet - Governmental Funds .....	18	
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	19	
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	20	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	22	
Statement of Fund Net Position - Proprietary Fund .....	23	
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund .....	24	
Statement of Cash Flows - Proprietary Fund.....	25	
Statement of Fiduciary Net Position.....	26	
Statement of Changes in Fiduciary Net Position.....	27	
Notes to the Basic Financial Statements.....	28 - 64	
Required Supplementary Information:		
Schedule of the District’s Proportionate Share of the Net Pension Liability:		
School Employees Retirement System (SERS) of Ohio .....	66	
State Teachers Retirement System (STRS) of Ohio .....	67	
Schedule of District Contributions:		
School Employees Retirement System (SERS) of Ohio .....	68 - 69	
State Teachers Retirement System (STRS) of Ohio .....	70 - 71	
Notes to Required Supplementary Information .....	72	
Schedule of Receipts and Expenditures of Federal Awards .....	73	
Notes to the Schedule of Receipts and Expenditures of Federal Awards .....	74	
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....		75
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....		77
Schedule of Findings .....	79	

This page intentionally left blank



# **ALGER & ASSOCIATES, Inc.**

**Certified Public Accountants**

---

## **INDEPENDENT AUDITOR'S REPORT**

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Alger and Associates Inc**  
Digitally signed by Alger and Associates Inc  
DN: cn=Alger and Associates Inc, o, ou, email=ksalger46@att.net, c=US  
Date: 2016.12.19 17:16:03 -05'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, OH  
December 16, 2016

This page intentionally left blank

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The management's discussion and analysis of the Olmsted Falls 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, 2016. 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 2016 are as follows:

- In total, net position of governmental activities increased \$4,048,133 which represents a 20.27% increase over the 2015 deficit balance of \$19,974,333.
- General revenues accounted for \$45,108,223 in revenue or 89.96% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$5,032,208 or 10.04% of total revenues of \$50,140,431.
- The District had \$46,092,298 in expenses related to governmental activities; only \$5,032,208 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$45,108,223 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$43,667,037 in revenues and other financing sources and \$40,779,550 in expenditures and other financing uses. During fiscal 2016, the general fund's fund balance increased \$2,887,487 from \$11,121,275 to \$14,008,762.

**Reporting the District as a Whole**

*Statement of Net position and the Statement of Activities*

The analysis of the District as a whole begins on page 16. While this document contains all of the funds used by the District to provide programs and activities, the view of the District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "why" or "why not". The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting which is similar to that used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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

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

***Fund Financial Statements***

The analysis of the District's major funds begins on page 186. 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 fund is the General Fund.

***Governmental Funds***

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

***Proprietary Fund***

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

***Fiduciary Funds***

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

***Notes to the Basic Financial Statements***

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

***Required Supplemental Information***

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2016 and June 30, 2015.

	<b>Net Position</b>	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 42,380,510	\$ 43,291,159
Capital assets, net	<u>34,893,917</u>	<u>36,436,741</u>
Total assets	<u>77,274,427</u>	<u>79,727,900</u>
<b><u>Deferred outflows of resources</u></b>		
Loss on refunding	697,488	738,700
Pension	<u>5,985,107</u>	<u>3,635,800</u>
Total deferred outflows of resources	<u>6,682,595</u>	<u>4,374,500</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,414,551	6,645,878
Long-term liabilities	<u>75,048,791</u>	<u>69,203,752</u>
Total liabilities	<u>81,463,342</u>	<u>75,849,630</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes	14,855,450	19,325,372
Pension	<u>3,564,430</u>	<u>8,901,731</u>
Total deferred inflows of resources	<u>18,419,880</u>	<u>28,227,103</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	21,341,160	21,376,608
Restricted	3,821,778	4,464,148
Unrestricted (deficit)	<u>(41,089,138)</u>	<u>(45,815,089)</u>
Total net position	<u>\$ (15,926,200)</u>	<u>\$ (19,974,333)</u>

During a prior fiscal year, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," and GASB Statement 71 "Pension Transition for Contributions made subsequent to the measurement date—an Amendment of GASB Statement No.68," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$15,926,200.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

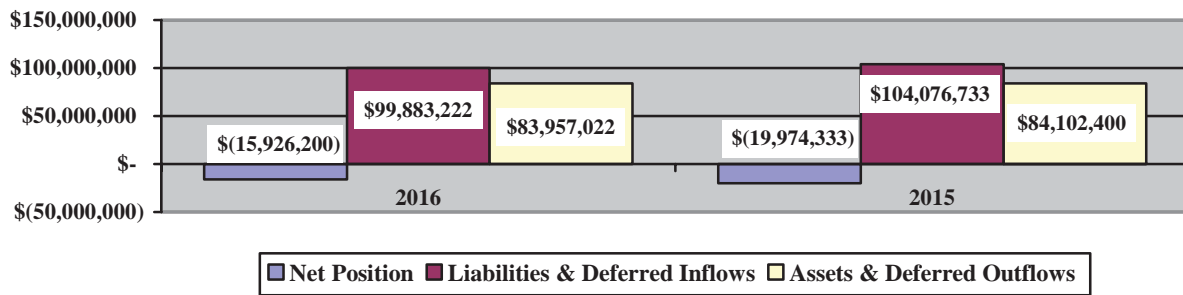
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

At year end, capital assets represented 45.16% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2016, was \$21,341,160. These capital assets are used to provide services to the students and are not available for future spending. Although the District's 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, \$3,821,778, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit of unrestricted net position.

The graph below presents the District's governmental assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position for fiscal years 2016 and 2015.

**Governmental Activities**



Total assets decreased by \$2,453,473 and deferred outflows increased by \$2,308,095. Property taxes receivable contributed \$26,328,146 or 34.07 percent of total assets. Of this amount \$14,855,450 is offset as deferred inflows, which is revenue to be used in future periods.

Total liabilities for Governmental Activities totaled \$81,463,342; of this amount \$75,048,791 or 92.13 percent is included in long-term liabilities. Total liabilities increased by \$5,613,712.

By comparing assets and liabilities, one can see the overall position of the District is acceptable. The majority of revenue supporting all Governmental Activities is General revenue. General revenue totaled \$45,108,223 or 89.96 percent of total revenue. The most significant portion of the General revenue is the local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$5,032,208 or 10.04 percent of total revenue.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

The table below shows the change in net position for fiscal year 2016 and 2015.

	<b>Change in Net Position</b>	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,816,451	\$ 2,503,039
Operating grants and contributions	3,165,647	1,462,846
Capital grants and contributions	50,110	-
General revenues:		
Property taxes	28,858,555	23,465,808
Grants and entitlements	15,788,871	16,730,273
Investment earnings	147,102	67,752
Other	<u>313,695</u>	<u>-</u>
Total revenues	<u>50,140,431</u>	<u>44,229,718</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	20,290,662	20,172,457
Special	8,038,086	6,943,241
Vocational	37,355	277,986
Adult/continuing	4,238	-
Other	328,255	35,186
Support services:		
Pupil	1,945,304	1,877,479
Instructional staff	1,082,840	1,161,414
Board of education	208,203	216,727
Administration	2,694,754	2,499,863
Fiscal	1,120,002	937,056
Operations and maintenance	4,190,693	4,298,454
Pupil transportation	1,982,515	2,190,022
Central	727,010	1,021,585
Operation of non-instructional services:		
Other non-instructional services	184,495	195,345
Food service operations	883,531	885,796
Extracurricular activities	1,803,929	1,837,414
Interest and fiscal charges	<u>570,426</u>	<u>878,215</u>
Total expenses	<u>46,092,298</u>	<u>45,428,240</u>
Change in net position	4,048,133	(1,198,522)
Net position at beginning of year	<u>(19,974,333)</u>	<u>(18,775,811)</u>
Net position at end of year	<u>\$ (15,926,200)</u>	<u>\$ (19,974,333)</u>



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**Governmental Activities**

Net position of the District's governmental activities increased \$4,048,133 over the 2015 balance. Total governmental expenses of \$46,092,298 were offset by program revenues of \$5,032,208 and general revenues of \$45,108,223. Program revenues supported 10.92% of the total governmental expenses.

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

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

Although the District relies heavily upon local property taxes to support its operations, the District does actively solicit and receive grant and entitlement funds to help offset some operating costs. Property taxes made up 57.56 percent of revenues for governmental activities for the District in fiscal year 2016. Property taxes of the District increased \$5,392,747 due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Cuyahoga County Fiscal Officer. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2016 and 2015 \$8,646,695 and \$5,839,371, respectively. The amount of tax advance available at year-end can vary depending upon when the county fiscal officers distribute tax bills.

Approximately 62.26 percent of the School District's budget is used for instructional expenses. Supporting services for pupils, staff and business operations account for an additional 30.27 percent. The remaining amount of program expenses, roughly 7.47 percent, is budgeted to facilitate other obligations of the District including food service operations, extracurricular activities, and interest and fiscal charges.

THIS SPACE INTENTIONALLY LEFT BLANK

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

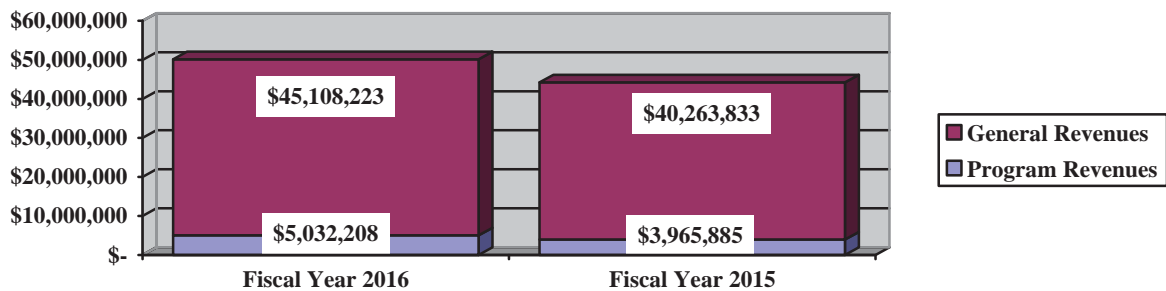
**Governmental Activities**

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Program expenses:				
Instruction:				
Regular	\$ 20,290,662	\$ 19,303,251	\$ 20,172,457	\$ 18,695,110
Special	8,038,086	5,941,660	6,943,241	5,928,146
Vocational	37,355	33,385	277,986	262,669
Adult/continuing	4,238	4,238	-	-
Other	328,255	328,255	35,186	33,247
Support services:				
Pupil	1,945,304	1,910,931	1,877,479	1,774,032
Instructional staff	1,082,840	1,040,319	1,161,414	1,025,482
Board of Education	208,203	208,203	216,727	204,786
Administration	2,694,754	2,690,159	2,499,863	2,357,693
Fiscal	1,120,002	1,120,002	937,056	885,425
Operations and maintenance	4,190,693	4,138,603	4,298,454	4,061,615
Pupil transportation	1,982,515	1,850,484	2,190,022	2,069,355
Central	727,010	718,010	1,021,585	956,297
Operation of non-instructional services				
Other non-instructional services	184,495	(21,666)	195,345	871
Food service operations	883,531	(27,025)	885,796	593,237
Extracurricular activities	1,803,929	1,250,855	1,837,414	1,736,175
Interest and fiscal charges	570,426	570,426	878,215	878,215
<b>Total expenses</b>	<b>\$ 46,092,298</b>	<b>\$ 41,060,090</b>	<b>\$ 45,428,240</b>	<b>\$ 41,462,355</b>

The dependence upon tax and other general revenues for governmental activities is apparent; 89.24% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 89.08%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

**Governmental Activities - General and Program Revenues**



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$17,818,374, which is a higher balance than last year's total balance of \$14,899,305. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance <u>June 30, 2016</u>	Fund Balance <u>June 30, 2015</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 14,008,762	\$ 11,121,275	\$ 2,887,487	25.96 %
Other Governmental	<u>3,809,612</u>	<u>3,778,030</u>	<u>31,582</u>	0.84 %
Total	<u>\$ 17,818,374</u>	<u>\$ 14,899,305</u>	<u>\$ 2,919,069</u>	19.59 %

**General Fund**

The District's general fund balance increased \$2,887,487. Revenues exceeded expenditures during fiscal year 2016 by \$3,486,548. The general fund transferred \$600,000 into a nonmajor governmental fund.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2016 <u>Amount</u>	2015 <u>Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 25,422,260	\$ 23,236,548	\$ 2,185,712	9.41 %
Tuition	226,581	411,172	(184,591)	(44.89) %
Earnings on investments	143,037	58,750	84,287	143.47 %
Intergovernmental	16,648,074	16,271,608	376,466	2.31 %
Other revenues	<u>1,226,146</u>	<u>1,241,324</u>	<u>(15,178)</u>	(1.22) %
Total	<u>\$ 43,666,098</u>	<u>\$ 41,219,402</u>	<u>\$ 2,446,696</u>	5.94 %
<b><u>Expenditures</u></b>				
Instruction	\$ 26,113,854	\$ 24,695,484	\$ 1,418,370	5.74 %
Support services	12,931,833	12,762,994	168,839	1.32 %
Non-instructional services	8,944	10,900	(1,956)	100.00 %
Extracurricular activities	978,645	1,039,703	(61,058)	(5.87) %
Debt service	<u>146,274</u>	<u>146,707</u>	<u>(433)</u>	(0.30) %
Total	<u>\$ 40,179,550</u>	<u>\$ 38,655,788</u>	<u>\$ 1,523,762</u>	3.94 %

Revenues of the general fund increased \$2,446,696 or 5.94%. The most significant increase was in the area of tax revenue. Tax revenue increased \$2,185,712 or 9.41% from the prior year. This increase can be attributed to an increase in the amount of tax advance that was available to the District from the County Fiscal Officer at June 30, 2016 versus June 30, 2015. This variance resulted in more tax revenue being reported in fiscal year 2016. The amount of tax advances available from the County Fiscal Officer can vary depending upon when tax bills are mailed. Intergovernmental revenue increased due to an increase in State Foundation revenue received.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

Expenditures of the general fund increased \$1,523,762 or 3.94%. This increase is primarily due to an increase in instruction and support service expenditures, which is due to fluctuations in personnel costs.

***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 2016, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources of \$35,075,527 were increased in the final budget to \$40,551,785. Actual revenues and other financing sources for fiscal year 2016 were \$40,991,880. This represents a \$440,095 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$42,546,952 remained the same in the final budget. The actual budget basis expenditures for fiscal year 2016 totaled \$42,023,517, which was \$523,435 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2016, the District had \$34,893,917 in land, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal 2016 balances compared to the 2015:

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

	Governmental Activities	
	2016	2015
Land	\$ 1,834,718	\$ 1,834,718
Building and improvements	29,345,499	30,688,061
Furniture and equipment	2,151,163	2,447,138
Vehicles	1,562,537	1,466,824
Total	\$ 34,893,917	\$ 36,436,741

The overall decrease in capital assets of \$1,542,824 is due to depreciation expense of \$2,078,342 and net disposals of \$280 exceeding capital outlays of \$535,798. See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2016, the District had tax anticipation notes and general obligation bonds outstanding. Of the total long-term debt outstanding, \$1,672,300 is due within one year and \$12,146,611 is due in greater than one year.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

The following table summarizes the notes and bonds outstanding.

**Outstanding Debt, at Year End**

	<u>Governmental Activities 2016</u>	<u>Governmental Activities 2015</u>
Tax Anticipation Note	\$ 100,000	\$ 305,000
General Obligation Bonds	<u>13,718,911</u>	<u>15,183,301</u>
<b>Total</b>	<b><u>\$ 13,818,911</u></b>	<b><u>\$ 15,488,301</u></b>

See Note 14 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

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

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

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

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

Unfortunately, this lack of revenue growth forces the District to come back to the voters from time to time and ask for additional financial support.

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

**Contacting the District's Financial Management**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 15,447,551
Receivables:	
Property taxes . . . . .	26,328,146
Accounts . . . . .	34,498
Accrued interest . . . . .	5,066
Intergovernmental . . . . .	233,977
Materials and supplies inventory. . . . .	315,030
Inventory held for resale. . . . .	16,242
Capital assets:	
Nondepreciable capital assets . . . . .	1,834,718
Depreciable capital assets, net. . . . .	33,059,199
Capital assets, net . . . . .	34,893,917
Total assets. . . . .	77,274,427
 <b>Deferred outflows of resources:</b>	
Loss on refunding . . . . .	697,488
Pension - STRS . . . . .	5,039,352
Pension - SERS . . . . .	945,755
Total deferred outflows of resources . . . . .	6,682,595
 <b>Liabilities:</b>	
Accounts payable. . . . .	980,177
Accrued wages and benefits payable . . . . .	4,201,169
Intergovernmental payable . . . . .	91,764
Pension obligation payable. . . . .	618,700
Accrued interest payable . . . . .	37,152
Unearned revenue . . . . .	25,599
Claims payable. . . . .	459,990
Long-term liabilities:	
Due within one year. . . . .	2,079,704
Due in more than one year:	
Net pension liability . . . . .	56,640,536
Other amounts due in more than one year . . . . .	16,328,551
Total liabilities . . . . .	81,463,342
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	14,855,450
Pension - STRS. . . . .	3,169,661
Pension - SERS. . . . .	394,769
Total deferred inflows of resources . . . . .	18,419,880
 <b>Net position:</b>	
Net investment in capital assets . . . . .	21,341,160
Restricted for:	
Capital projects . . . . .	437,269
Permanent fund - expendable . . . . .	381
Permanent fund - nonexpendable . . . . .	100,000
Classroom facilities maintenance . . . . .	372,635
Debt service. . . . .	2,690,662
Locally funded programs . . . . .	30,968
State funded programs. . . . .	9,842
Student activities . . . . .	146,898
Other purposes . . . . .	33,123
Unrestricted (deficit) . . . . .	(41,089,138)
Total net position (deficit). . . . .	\$ (15,926,200)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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 . . . . .	\$ 20,290,662	\$ 687,085	\$ 250,216	\$ 50,110	\$ (19,303,251)
Special . . . . .	8,038,086	48,965	2,047,461	-	(5,941,660)
Vocational . . . . .	37,355	-	3,970	-	(33,385)
Adult/continuing. . . . .	4,238	-	-	-	(4,238)
Other . . . . .	328,255	-	-	-	(328,255)
Support services:					
Pupil. . . . .	1,945,304	-	34,373	-	(1,910,931)
Instructional staff . . . . .	1,082,840	-	42,521	-	(1,040,319)
Board of education . . . . .	208,203	-	-	-	(208,203)
Administration. . . . .	2,694,754	-	4,595	-	(2,690,159)
Fiscal. . . . .	1,120,002	-	-	-	(1,120,002)
Operations and maintenance . . . . .	4,190,693	52,090	-	-	(4,138,603)
Pupil transportation. . . . .	1,982,515	8,183	123,848	-	(1,850,484)
Central . . . . .	727,010	-	9,000	-	(718,010)
Operation of non-instructional services:					
Other non-instructional services . . . . .	184,495	-	206,161	-	21,666
Food service operations . . . . .	883,531	553,989	356,567	-	27,025
Extracurricular activities. . . . .	1,803,929	466,139	86,935	-	(1,250,855)
Interest and fiscal charges . . . . .	570,426	-	-	-	(570,426)
<b>Total governmental activities . . . . .</b>	<b>\$ 46,092,298</b>	<b>\$ 1,816,451</b>	<b>\$ 3,165,647</b>	<b>\$ 50,110</b>	<b>(41,060,090)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	25,544,173
Special revenue . . . . .	252,256
Debt service. . . . .	1,918,641
Permanent improvement. . . . .	1,143,485
Grants and entitlements not restricted to specific programs . . . . .	15,788,871
Investment earnings . . . . .	147,102
Miscellaneous . . . . .	313,695
<b>Total general revenues . . . . .</b>	<b>45,108,223</b>
Change in net position . . . . .	4,048,133
<b>Net position (deficit) at beginning of year . . . . .</b>	<b>(19,974,333)</b>
<b>Net position (deficit) at end of year. . . . .</b>	<b>\$ (15,926,200)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 11,092,729	\$ 3,772,830	\$ 14,865,559
<b>Receivables:</b>			
Property taxes . . . . .	23,852,871	2,475,275	26,328,146
Accounts . . . . .	34,498	-	34,498
Accrued interest . . . . .	4,507	559	5,066
Interfund loans . . . . .	312,207	-	312,207
Intergovernmental . . . . .	233,977	-	233,977
Materials and supplies inventory . . . . .	311,914	3,116	315,030
Inventory held for resale . . . . .	-	16,242	16,242
Total assets . . . . .	<u>\$ 35,842,703</u>	<u>\$ 6,268,022</u>	<u>\$ 42,110,725</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 660,616	\$ 319,561	\$ 980,177
Accrued wages and benefits payable . . . . .	4,070,894	130,275	4,201,169
Compensated absences payable . . . . .	58,530	-	58,530
Intergovernmental payable . . . . .	88,689	3,075	91,764
Pension obligation payable . . . . .	599,807	18,893	618,700
Interfund loans payable . . . . .	-	312,207	312,207
Unearned revenue . . . . .	-	25,599	25,599
Retirement incentive payable . . . . .	185,056	-	185,056
Total liabilities . . . . .	<u>5,663,592</u>	<u>809,610</u>	<u>6,473,202</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	13,462,864	1,392,586	14,855,450
Delinquent property tax revenue not available . . . . .	2,469,001	256,214	2,725,215
Intergovernmental revenue not available . . . . .	92,384	-	92,384
Accrued interest not available . . . . .	4,507	-	4,507
Miscellaneous revenue not available . . . . .	141,593	-	141,593
Total deferred inflows of resources . . . . .	<u>16,170,349</u>	<u>1,648,800</u>	<u>17,819,149</u>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Materials and supplies inventory . . . . .	311,914	3,116	315,030
Permanent fund . . . . .	-	100,000	100,000
<b>Restricted:</b>			
Debt service . . . . .	-	2,845,669	2,845,669
Capital improvements . . . . .	-	355,910	355,910
Classroom facilities maintenance . . . . .	-	346,079	346,079
Non-public schools . . . . .	-	12,119	12,119
Expendable trust fund . . . . .	-	33,123	33,123
Other purposes . . . . .	-	30,968	30,968
Extracurricular . . . . .	-	182,376	182,376
Permanent fund . . . . .	-	381	381
<b>Committed:</b>			
Student and staff support . . . . .	27,063	-	27,063
Student instruction . . . . .	130,162	-	130,162
<b>Assigned:</b>			
Student instruction . . . . .	73,538	-	73,538
Student and staff support . . . . .	834,049	-	834,049
Extracurricular activities . . . . .	590	-	590
Uniform school supplies . . . . .	49,129	-	49,129
Unassigned (deficit) . . . . .	12,582,317	(100,129)	12,482,188
Total fund balances . . . . .	<u>14,008,762</u>	<u>3,809,612</u>	<u>17,818,374</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 35,842,703</u>	<u>\$ 6,268,022</u>	<u>\$ 42,110,725</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

<b>Total governmental fund balances</b>		\$	17,818,374
<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.			34,893,917
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,725,215	
Accrued interest receivable		4,507	
Intergovernmental receivable		233,977	
Total			2,963,699
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			122,002
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(37,152)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		5,985,107	
Deferred inflows of resources - pension		(3,564,430)	
Net pension liability		(56,640,536)	
Total			(54,219,859)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Tax anticipation note payable		(100,000)	
General obligation bonds payable		(13,718,911)	
Retirement incentive payable		(166,855)	
Compensated absences		(3,481,415)	
Total			(17,467,181)
<b>Net position (deficit) of governmental activities</b>		<b>\$</b>	<b>(15,926,200)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 25,422,260	\$ 3,432,162	\$ 28,854,422
Tuition . . . . .	226,581	-	226,581
Earnings on investments . . . . .	143,037	4,286	147,323
Charges for services . . . . .	-	547,764	547,764
Extracurricular . . . . .	305,741	168,680	474,421
Classroom materials and fees . . . . .	199,338	-	199,338
Rental income . . . . .	52,090	-	52,090
Contributions and donations . . . . .	11,065	46,001	57,066
Contract services . . . . .	310,032	5,471	315,503
Other local revenues . . . . .	347,880	92,456	440,336
Intergovernmental - intermediate . . . . .	-	4,822	4,822
Intergovernmental - state . . . . .	16,500,614	637,700	17,138,314
Intergovernmental - federal . . . . .	147,460	1,463,276	1,610,736
Total revenues . . . . .	<u>43,666,098</u>	<u>6,402,618</u>	<u>50,068,716</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	18,201,120	1,120,868	19,321,988
Special . . . . .	7,576,357	654,950	8,231,307
Vocational . . . . .	3,884	-	3,884
Adult/continuing . . . . .	4,238	-	4,238
Other . . . . .	328,255	-	328,255
Support services:			
Pupil . . . . .	2,014,794	-	2,014,794
Instructional staff . . . . .	1,065,560	83,488	1,149,048
Board of education . . . . .	208,644	-	208,644
Administration . . . . .	2,709,725	4,829	2,714,554
Fiscal . . . . .	1,105,759	2,276	1,108,035
Operations and maintenance . . . . .	3,585,417	587,142	4,172,559
Pupil transportation . . . . .	1,860,709	260,254	2,120,963
Central . . . . .	381,225	126,953	508,178
Operation of non-instructional services:			
Other operation of non-instructional . . . . .	8,944	208,328	217,272
Food service operations . . . . .	-	1,005,466	1,005,466
Extracurricular activities . . . . .	978,645	810,591	1,789,236
Facilities acquisition and construction . . . . .	-	49,501	49,501
Debt service:			
Principal retirement . . . . .	140,000	1,605,000	1,745,000
Interest and fiscal charges . . . . .	6,274	451,390	457,664
Total expenditures . . . . .	<u>40,179,550</u>	<u>6,971,036</u>	<u>47,150,586</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,486,548</u>	<u>(568,418)</u>	<u>2,918,130</u>
<b>Other financing sources (uses):</b>			
Sale/loss of assets . . . . .	939	-	939
Transfers in . . . . .	-	600,000	600,000
Transfers (out) . . . . .	(600,000)	-	(600,000)
Total other financing sources (uses) . . . . .	<u>(599,061)</u>	<u>600,000</u>	<u>939</u>
Net change in fund balances . . . . .	2,887,487	31,582	2,919,069
<b>Fund balances at beginning of year . . . . .</b>	<u>11,121,275</u>	<u>3,778,030</u>	<u>14,899,305</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 14,008,762</u>	<u>\$ 3,809,612</u>	<u>\$ 17,818,374</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA 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, 2016

<b>Net change in fund balances - total governmental funds</b>	\$	2,919,069
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 535,798	
Current year depreciation	<u>(2,078,342)</u>	
Total		(1,542,544)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(280)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	4,133	
Earnings on investments	825	
Intergovernmental	(74,836)	
Other local revenue	<u>141,593</u>	
Total		71,715
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,745,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	42,424	
Accreted interest on capital appreciation bonds	(85,020)	
Amortization of bond discount	(5,936)	
Amortization of bond premiums	56,558	
Amortization of deferred charges	<u>(41,212)</u>	
Total		(33,186)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		3,210,677
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,800,144)
Some expenses reported in the statement of activities, such as compensated absences and retirement incentive, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(35,980)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		<u>513,806</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>4,048,133</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA 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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 19,881,188	\$ 21,609,514	\$ 22,651,559	\$ 1,042,045
Tuition . . . . .	58,234	120,000	226,581	106,581
Earnings on investments . . . . .	8,234	120,000	100,703	(19,297)
Rental income . . . . .	29,539	32,750	52,090	19,340
Contract services . . . . .	189,133	376,000	290,896	(85,104)
Other local revenues . . . . .	45,475	578,532	335,943	(242,589)
Intergovernmental - state . . . . .	14,409,277	16,142,000	16,522,549	380,549
Intergovernmental - federal . . . . .	22,549	25,000	147,460	122,460
Total revenues . . . . .	<u>34,643,629</u>	<u>39,003,796</u>	<u>40,327,781</u>	<u>1,323,985</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	19,568,153	19,568,153	19,040,885	527,268
Special . . . . .	6,060,620	6,060,620	6,741,840	(681,220)
Vocational . . . . .	189,296	189,296	14,496	174,800
Adult/continuing . . . . .	16,929	16,929	4,251	12,678
Other . . . . .	455,061	455,061	349,642	105,419
Support services:				
Pupil . . . . .	2,093,895	2,093,895	2,044,357	49,538
Instructional staff . . . . .	1,289,050	1,289,050	1,080,181	208,869
Board of education . . . . .	399,501	399,501	227,428	172,073
Administration . . . . .	2,904,593	2,904,593	2,749,050	155,543
Fiscal . . . . .	1,201,703	1,201,703	1,141,487	60,216
Operations and maintenance . . . . .	4,200,272	4,200,272	4,264,796	(64,524)
Pupil transportation . . . . .	2,038,754	2,038,754	1,967,929	70,825
Central . . . . .	418,662	418,662	467,688	(49,026)
Other operation of non-instructional services . . . . .	11,885	11,885	9,071	2,814
Extracurricular activities . . . . .	602,304	602,304	629,052	(26,748)
Debt service:				
Principal . . . . .	140,000	140,000	140,000	-
Interest and fiscal charges . . . . .	6,274	6,274	6,274	-
Total expenditures . . . . .	<u>41,596,952</u>	<u>41,596,952</u>	<u>40,878,427</u>	<u>718,525</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(6,953,323)</u>	<u>(2,593,156)</u>	<u>(550,646)</u>	<u>2,042,510</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's receipts . . . . .	-	-	(1,621)	(1,621)
Transfers in . . . . .	-	-	486,262	486,262
Transfers (out) . . . . .	(700,000)	(700,000)	(1,086,262)	(386,262)
Advances in . . . . .	431,898	1,547,989	176,898	(1,371,091)
Advances (out) . . . . .	(250,000)	(250,000)	(57,207)	192,793
Sale of capital assets . . . . .	-	-	939	939
Total other financing sources (uses) . . . . .	<u>(518,102)</u>	<u>597,989</u>	<u>(480,991)</u>	<u>(1,078,980)</u>
Net change in fund balance . . . . .	(7,471,425)	(1,995,167)	(1,031,637)	963,530
<b>Fund balance at beginning of year . . . . .</b>	<b>9,287,230</b>	<b>9,287,230</b>	<b>9,287,230</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>997,353</b>	<b>997,353</b>	<b>997,353</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 2,813,158</u></b>	<b><u>\$ 8,289,416</u></b>	<b><u>\$ 9,252,946</u></b>	<b><u>\$ 963,530</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 581,992
Total assets. . . . .	<u>581,992</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>459,990</u>
Total liabilities . . . . .	<u>459,990</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>122,002</u>
Total net position. . . . .	<u>\$ 122,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 5,335,863
Total operating revenues . . . . .	<u>5,335,863</u>
<b>Operating expenses:</b>	
Purchasd services . . . . .	<u>4,822,057</u>
Total operating expenses. . . . .	<u>4,822,057</u>
Operating income . . . . .	<u>513,806</u>
<b>Net position (deficit) at beginning of year.</b>	<u>(391,804)</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 122,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Cash flows from operating activities:</b>	
Cash received from other customers . . . . .	\$ 5,335,863
Cash payments for claims and administrative services . .	<u>(4,924,680)</u>
Net cash provided by operating activities. . . . .	<u>411,183</u>
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>170,809</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 581,992</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 513,806
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(102,623)</u>
Net cash provided by operating activities. . . . .	<u><u>\$ 411,183</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 4,943	\$ 173,830
Receivables:		
Accounts . . . . .	-	15
Total assets. . . . .	<u>4,943</u>	<u>\$ 173,845</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 7,682
Due to students. . . . .	-	60,860
Undistributed monies . . . . .	-	105,303
Total liabilities . . . . .	<u>-</u>	<u>\$ 173,845</u>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	<u>4,943</u>	
Total net position. . . . .	<u>\$ 4,943</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 4,605
Total additions . . . . .	4,605
 <b>Deductions:</b>	
Scholarships awarded . . . . .	4,805
Change in net position . . . . .	(200)
<b>Net position at beginning of year . . . . .</b>	<b>5,143</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 4,943</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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

The District includes the City of Olmsted Falls, Olmsted Township, small portions of the Cities of Berea and North Olmsted, and a small portion of Columbia Township. All of the communities served are located in Cuyahoga County with the exception of Columbia Township, which is located in Lorain County. The District is staffed by 237 certificated, 168 non-certificated, and 20 administrative personnel who provide services to 3,675 students and other community members. The District currently operates an early childhood center (Pre K-K), primary school (1-3), an intermediate school (4-5), a middle school (6-8) and a high school (9-12).

*Reporting Entity*

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

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

The District participates in three jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are Connect, the Ohio Schools Council Association, the Polaris Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Note 17, Note 18 and Note 19 of the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

**C. Measurement Focus**

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**D. Basis of Accounting**

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

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Note 10 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, See Note 10 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

**E. Budgetary Process**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**F. Cash and Cash Equivalents**

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

During the fiscal year, investments were limited to Federal National Mortgage Association securities, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), district owned debt negotiable certificates of deposit and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The District invested funds in STAR Ohio during fiscal 2016. 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 and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business days(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2016 amounted to \$143,349, which includes \$39,046 assigned from other District funds.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Restricted Assets**

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

**H. Inventory**

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

**I. Capital Assets**

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

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

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

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

**J. Bond Premium and Discount**

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

Bond issuance costs are expended when incurred.



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**K. Gain/Loss on Refunding**

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

**L. Compensated Absences**

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

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

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

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Net Position**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**O. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance 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.

*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 or committed. In governmental funds, 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. The Board of Education assigns fund balance by resolution. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget.

*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.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**P. Interfund Activity**

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

**Q. Operating Revenues and Expenses**

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

**R. Extraordinary and Special Items**

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

**S. Estimates**

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

**T. Pensions**

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

**U. Fair Market Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 15,444
IDEA Part-B	24,317
Title I	48,895
Improving teacher quality	8,500

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$1,600 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2016, the carrying amount of all District deposits was \$9,491,854. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$7,160,005 of the District's bank balance of \$9,168,514 was exposed to custodial risk as discussed below, while \$2,008,509 was covered by the FDIC.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**C. Investments**

As of June 30, 2016, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 2,517,536	\$ 2,517,536	\$ -	\$ -	\$ -	\$ -
District owned debt	100,000	100,000	-	-	-	-
Negotiable CD's	3,265,161	748,210	-	498,614	249,149	1,769,188
FNMA	250,173	-	-	-	-	250,173
<b>Total</b>	<b>\$ 6,132,870</b>	<b>\$ 3,365,746</b>	<b>\$ -</b>	<b>\$ 498,614</b>	<b>\$ 249,149</b>	<b>\$ 2,019,361</b>

The weighted average maturity of investments is 1.25 years.

The District's investments in federal agency securities and negotiable CD's are valued using quoted market prices (Level 1 inputs).

*Interest Rate Risk:* Interest rate risk arises potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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 investment policy does not address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code.

*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, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,517,536	41.05
District owned debt	100,000	1.63
Negotiable CD's	3,265,161	53.24
FNMA	250,173	4.08
<b>Total</b>	<b>\$ 6,132,870</b>	<b>100.00</b>

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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 above to cash and investments as reported on the statement of net position as of June 30, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,491,854
Investments	6,132,870
Cash on hand	<u>1,600</u>
Total	<u>\$ 15,626,324</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 15,447,551
Private-purpose trust funds	4,943
Agency fund	<u>173,830</u>
Total	<u>\$ 15,626,324</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the fiscal year ended June 30, 2016, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from the general fund to:</u>	
Nonmajor governmental funds	<u>\$ 600,000</u>

Transfers are used to move revenues from the fund that statute or budget requires them to be collected in to the fund that statute or budget requires them to be expended from and to use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

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

- B.** Interfund balances at June 30, 2016, as reported on the fund statements, consist of the following amounts interfund loans payable and receivable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 312,207</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 in one year.

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



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, 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 Cuyahoga and Lorain Counties. 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, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$7,921,006 in the general fund, \$478,284 in the bond retirement debt service fund (a nonmajor governmental fund), \$263,100 in the permanent improvement fund (a nonmajor governmental fund) and \$85,091 in the classroom facilities maintenance special revenue fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$5,150,305 in the general fund, \$450,815 in the bond retirement debt service fund (a nonmajor governmental fund), \$297,655 in the permanent improvement fund (a nonmajor governmental fund) and \$42,541 in the classroom facilities maintenance special revenue fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 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.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 496,627,880	97.41	\$ 500,215,180	97.37
Public utility personal	<u>13,183,900</u>	<u>2.59</u>	<u>13,490,790</u>	<u>2.63</u>
Total	<u>\$ 509,811,780</u>	<u>100.00</u>	<u>\$ 513,705,970</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$102.20		\$102.20	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2016 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 in the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 26,328,146
Accounts	34,498
Accrued interest	5,066
Intergovernmental	<u>233,977</u>
Total	<u>\$ 26,601,687</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,834,718	\$ -	\$ -	\$ 1,834,718
Total capital assets, not being depreciated	<u>1,834,718</u>	<u>-</u>	<u>-</u>	<u>1,834,718</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	50,855,162	-	-	50,855,162
Furniture and equipment	11,664,674	292,295	(50,739)	11,906,230
Vehicles	3,585,353	243,503	-	3,828,856
Total capital assets, being depreciated	<u>66,105,189</u>	<u>535,798</u>	<u>(50,739)</u>	<u>66,590,248</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(20,167,101)	(1,342,562)	-	(21,509,663)
Furniture and equipment	(9,217,536)	(587,990)	50,459	(9,755,067)
Vehicles	(2,118,529)	(147,790)	-	(2,266,319)
Total accumulated depreciation	<u>(31,503,166)</u>	<u>(2,078,342)</u>	<u>50,459</u>	<u>(33,531,049)</u>
Governmental activities capital assets, net	<u>\$ 36,436,741</u>	<u>\$ (1,542,544)</u>	<u>\$ (280)</u>	<u>\$ 34,893,917</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,432,669
Special	7,927
Vocational	33,471
<u>Support services:</u>	
Pupil	9,523
Instructional staff	1,177
Administration	3,181
Fiscal	1,700
Operations and maintenance	30,440
Pupil transportation	139,709
Central	374,751
Operation of non-instructional	11,156
Extracurricular activities	30,743
Food service operations	1,895
Total depreciation expense	<u>\$ 2,078,342</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2016, the District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for property insurance. The primary deductibles are \$0 for property coverage. Professional liability is protected by the SORSA for all Board Members, administrators and employees with a limit of \$15,000,000 per occurrence and \$15,000,000 aggregate limit.

The Hylant Administrative Services Company maintains a \$20,000 public official bond each for the Superintendent, Treasurer and the Board President. Other employees handling money are covered by a blanket bond in the amount of \$100,000.

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

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

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

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

The claims liability of \$459,990, which is reported in the internal service fund as of June 30, 2016, is based on unpaid claims costs, including an estimate for claims which have been incurred but not reported. The estimate was provided by an actuary and the third party administrator. The change in the claims liability for the last two years is presented in the following table:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2016	\$ 562,613	\$ 4,822,057	\$ (4,924,680)	\$ 459,990
2015	580,261	5,389,100	(5,406,748)	562,613

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$761,104 for fiscal year 2016. Of this amount, \$83,222 is reported as pension obligation payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The District's contractually required contribution to STRS was \$2,449,573 for fiscal year 2016. Of this amount, \$424,800 is reported as pension obligation payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.20096100%	0.16113600%	
Proportion of the net pension liability current measurement date	<u>0.20061310%</u>	<u>0.16352439%</u>	
Change in proportionate share	<u>-0.00034790%</u>	<u>0.00238839%</u>	
Proportionate share of the net pension liability	\$ 11,447,178	\$ 45,193,358	\$ 56,640,536
Pension expense	\$ 721,661	\$ 2,078,480	\$ 2,800,141

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 184,651	\$ 2,056,053	\$ 2,240,704
Changes in proportionate share	-	533,726	533,726
District contributions subsequent to the measurement date	<u>761,104</u>	<u>2,449,573</u>	<u>3,210,677</u>
Total deferred outflows of resources	<u>\$ 945,755</u>	<u>\$ 5,039,352</u>	<u>\$ 5,985,107</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 381,425	\$ 3,169,661	\$ 3,551,086
Changes in proportionate share	<u>13,344</u>	<u>-</u>	<u>13,344</u>
Total deferred inflows of resources	<u>\$ 394,769</u>	<u>\$ 3,169,661</u>	<u>\$ 3,564,430</u>

\$3,210,677 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$ (142,895)	\$ (574,578)	\$ (717,473)
2018	(142,895)	(574,578)	(717,473)
2019	(142,897)	(574,578)	(717,475)
2020	<u>218,569</u>	<u>1,143,852</u>	<u>1,362,421</u>
Total	<u>\$ (210,118)</u>	<u>\$ (579,882)</u>	<u>\$ (790,000)</u>

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 15,873,122	\$ 11,447,178	\$ 7,720,168

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 62,776,984	\$ 45,193,358	\$ 30,323,781

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$136,940.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$136,940, \$183,740, and \$107,612, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$164,269, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)**

**B. Retirement Incentive**

Certified Employees

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

Classified Employees

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

**C. Life Insurance**

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - OPERATING LEASES**

The School District is obligated under certain leases that are required to be accounted for as operating leases. During 2016, expenditures for operating leases totaled \$126,413. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2016.

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2017	\$ 120,455
2018	62,220
2019	62,220
2020	20,268
2021	<u>10,134</u>
Total	<u>\$ 275,297</u>

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of the changes in long-term obligations during fiscal year 2016:

	Balance <u>06/30/15</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/16</u>	Due in <u>One Year</u>
<b>Governmental Activities:</b>					
Long-Term Note:					
2013 Tax Anticipation Note	\$ 305,000	\$ -	\$ (205,000)	\$ 100,000	\$ 100,000
Total Long-Term Notes	<u>305,000</u>	<u>-</u>	<u>(205,000)</u>	<u>100,000</u>	<u>100,000</u>
General Obligation Bonds:					
2007 School Improvement Bonds					
Serial Bonds	3,240,000	-	-	3,240,000	-
Capital Appreciation Bonds	298,829	-	(157,966)	140,863	140,863
Accretion on Capital Appreciation Bonds	428,168	62,303	(247,034)	243,437	243,437
Premium	132,940	-	(14,771)	118,169	-
Discount	(53,424)	-	5,936	(47,488)	-
2012 Energy Conservation Improvement Bond	428,000	-	(140,000)	288,000	143,000
2015B Classroom Facilities Refunding Bonds					
Serial Bonds	1,945,000	-	(950,000)	995,000	995,000
2015A Classroom Facilities Refunding Bonds					
Serial Bonds	8,465,000	-	(45,000)	8,420,000	50,000
Capital Appreciation Bonds	159,960	-	-	159,960	-
Accretion on Capital Appreciation Bonds	-	22,717	-	22,717	-
Premium	877,528	-	(41,787)	835,741	-
Total General Obligation Bonds	<u>15,922,001</u>	<u>85,020</u>	<u>(1,590,622)</u>	<u>14,416,399</u>	<u>1,572,300</u>
Net Pension Liability	<u>49,364,461</u>	<u>7,276,075</u>	<u>-</u>	<u>56,640,536</u>	<u>-</u>
Retirement Incentive	307,752	125,591	(81,432)	351,911	185,056
Compensated Absences	<u>3,304,538</u>	<u>433,679</u>	<u>(198,272)</u>	<u>3,539,945</u>	<u>222,348</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 69,203,752</u>	<u>\$ 7,920,365</u>	<u>\$ (2,075,326)</u>	<u>\$ 75,048,791</u>	<u>\$ 2,079,704</u>

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

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



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

The 2007 general obligation bonds include \$475,972 in capital appreciation bonds. The capital appreciation bonds were issued for a 10 year period with a final maturity at December 1, 2016. For the fiscal year 2016, \$62,303 was accreted. The bonds are being retired from the bond retirement fund.

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

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

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$13,345. The difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2017.

On June 24, 2015, the District also issued \$8,624,960 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 A bonds, which included \$8,465,000 in serial bonds and \$159,960 in capital appreciation bonds at interest rates varying from 3.00 percent to 14.70 percent. For fiscal year 2016, \$22,717 was accreted. Proceeds of these refunding bonds were used to refund \$8,625,000 of the outstanding 2007 School Improvement Bonds.

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

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$725,355. The difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2036.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

The District's overall legal debt margin was \$35,835,383 with an unvoted debt margin of \$513,706 at June 30, 2016. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2016, are as follows:

Fiscal Year Year Ended	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 1,188,000	\$ 463,726	\$ 1,651,726	\$ 140,863	\$ 264,137	\$ 405,000
2018	600,000	446,865	1,046,865	-	-	-
2019	475,000	426,453	901,453	-	-	-
2020	490,000	406,741	896,741	-	-	-
2021	510,000	385,711	895,711	-	-	-
2022 - 2026	2,270,000	1,437,863	3,707,863	159,960	450,040	610,000
2027 - 2031	3,345,000	1,144,100	4,489,100	-	-	-
2032 - 2036	4,065,000	419,500	4,484,500	-	-	-
Total	<u>\$ 12,943,000</u>	<u>\$ 5,130,959</u>	<u>\$ 18,073,959</u>	<u>\$ 300,823</u>	<u>\$ 714,177</u>	<u>\$ 1,015,000</u>

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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	\$ (1,031,637)
Net adjustment for revenue accruals	2,784,878
Net adjustment for expenditure accruals	(296,107)
Net adjustment for other sources/uses	(118,070)
Funds budgeted elsewhere	(45,194)
Adjustment for encumbrances	<u>1,593,617</u>
GAAP basis	<u>\$ 2,887,487</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 uniform school supplies fund and the public school support fund.

**NOTE 16 - 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.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 16 - SET-ASIDES - (Continued)**

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, 2015	\$ -
Current year set-aside requirement	612,657
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(1,645,619)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (1,032,962)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

Connect

The new governing Board of Directors, the Educational Service Centers of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts.

As a true regional shared-service operation, Connect will build on the capacity of the four governing entities to expand services and respond quickly to district needs. Connect members will have greater access to a more diverse range of expertise and shared services through the partnership of these owner agencies. There are many benefits to Connect begin led by trusted service agencies such as the Educational Service Centers and Ohio Schools Council.

Connect members will experience an increased strength and unwavering service that can reduce costs and make their information technology more effective and efficient, with the ultimate benefit of providing the greatest educational experience possible for students.

The District paid \$101,644 to Connect for fiscal year 2016. Financial information can be obtained by contacting the Treasurer at Cuyahoga County ESC, who serves as fiscal agent, at 6393 Oak Tree Boulevard Independence, Ohio 44131.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

Ohio Schools Council Association

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one-hundred twenty-one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2016, the District paid \$4,673 to the Council for membership and other services. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Polaris Career Center

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

**NOTE 18 - INSURANCE PURCHASING POOL**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

**NOTE 19 - RISK SHARING POOL**

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 20 - CONTINGENCIES**

**A. Grants**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school-year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**B. Litigation**

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

**NOTE 21 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance 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	\$ 983,895
Other governmental	<u>186,467</u>
Total	<u>\$ 1,170,362</u>

REQUIRED SUPPLEMENTARY INFORMATION

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.20061310%	0.20096100%	0.20096100%
District's proportionate share of the net pension liability	\$ 11,447,178	\$ 10,170,522	\$ 11,950,506
District's covered-employee payroll	\$ 5,707,371	\$ 5,495,751	\$ 5,490,764
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.57%	185.06%	217.65%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

(1) Information prior to fiscal year 2013 was unavailable.

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



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.16352439%	0.16113600%	0.16113600%
District's proportionate share of the net pension liability	\$ 45,193,358	\$ 39,193,939	\$ 46,687,459
District's covered-employee payroll	\$ 16,949,134	\$ 16,422,689	\$ 16,275,849
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	266.64%	238.66%	286.85%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

(1) Information prior to fiscal year 2013 was unavailable.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 761,104	\$ 752,231	\$ 761,711	\$ 759,922
Contributions in relation to the contractually required contribution	<u>(761,104)</u>	<u>(752,231)</u>	<u>(761,711)</u>	<u>(759,922)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,436,457	\$ 5,707,371	\$ 5,495,751	\$ 5,490,764
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 732,438	\$ 691,264	\$ 733,869	\$ 549,425	\$ 515,426	\$ 531,762
<u>(732,438)</u>	<u>(691,264)</u>	<u>(733,869)</u>	<u>(549,425)</u>	<u>(515,426)</u>	<u>(531,762)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,445,633	\$ 5,499,315	\$ 5,420,011	\$ 5,583,585	\$ 5,248,742	\$ 4,979,049
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,449,573	\$ 2,372,879	\$ 2,134,950	\$ 2,115,860
Contributions in relation to the contractually required contribution	<u>(2,449,573)</u>	<u>(2,372,879)</u>	<u>(2,134,950)</u>	<u>(2,115,860)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 17,496,950	\$ 16,949,134	\$ 16,422,689	\$ 16,275,849
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,151,006	\$ 2,154,269	\$ 2,118,625	\$ 2,230,106	\$ 2,141,425	\$ 2,046,577
<u>(2,151,006)</u>	<u>(2,154,269)</u>	<u>(2,118,625)</u>	<u>(2,230,106)</u>	<u>(2,141,425)</u>	<u>(2,046,577)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,546,200	\$ 16,571,300	\$ 16,297,112	\$ 17,154,664	\$ 16,472,501	\$ 15,742,903
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Total Federal Receipts</b>	<b>Non-Cash Receipts</b>	<b>Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster						
School Breakfast Program	10.553	2016	\$ 55,695	\$ -	\$ 55,695	\$ -
National School Lunch Program	10.555	2016	234,231	52,654	234,231	52,654
Total Nutrition Cluster			<u>289,926</u>	<u>52,654</u>	<u>289,926</u>	<u>52,654</u>
Total U.S. Department of Agriculture			<u>289,926</u>	<u>52,654</u>	<u>289,926</u>	<u>52,654</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Title I Part A Cluster:						
Title I Grants to Local Education Agencies	84.010	2015	88,893	-	30,155	-
Title I Grants to Local Education Agencies	84.010	2016	241,080	-	264,520	-
Total Title I Grants to Local Education Agencies			<u>329,973</u>		<u>294,675</u>	
Total Title I Cluster			<u>329,973</u>	<u>-</u>	<u>294,675</u>	<u>-</u>
Special Education Cluster (IDEA):						
Special Education Grants to State IDEA B	84.027	2015	81,912	-	23,129	-
Special Education Grants to State IDEA B	84.027	2016	632,479	-	656,796	-
Total Special Education Grants to State IDEA B			<u>714,391</u>		<u>679,925</u>	
Special Education Preschool Grants	84.173	2016	20,684	-	20,684	-
Total Special Education Cluster(IDEA)			<u>735,075</u>		<u>700,609</u>	
Improving Teacher Quality, Title IIA, Part A						
Improving Teacher Quality State Grants	84.367	2015	3,583	-	2,050	-
Improving Teacher Quality State Grants	84.367	2016	43,014	-	50,014	-
Total Title IIA Improving Teacher Quality State Grants			<u>46,597</u>	<u>-</u>	<u>52,064</u>	
Total U.S. Department of Education			<u>1,111,645</u>		<u>1,047,348</u>	
<b>Total Expenditures of Federal Awards</b>			<u><u>\$1,401,571</u></u>	<u><u>\$52,654</u></u>	<u><u>\$1,337,274</u></u>	<u><u>\$52,654</u></u>

*The accompanying notes are an integral part of this schedule.*

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Olmsted Falls City School District (the District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. [

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The receipts and expenditures reported on the Schedule are reported on the cash basis of accounting. The District has elected **[not]** to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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





# **ALGER & ASSOCIATES, Inc.**

**Certified Public Accountants**

---

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Education:

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

We have audited the Olmsted Falls City School District's Cuyahoga (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Olmsted Falls City School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

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

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

***Opinion on the Major Federal Program***

In our opinion, the Olmsted Falls City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

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

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

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

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

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

**Alger and Associates Inc**  
Digitally signed by Alger and Associates Inc  
DN: cn=Alger and Associates Inc, o, ou, email=ksalger46@att.net, c=US  
Date: 2016.12.19 17:16:50 -05'00'

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

December 16, 2016



# **ALGER & ASSOCIATES, Inc.**

**Certified Public Accountants**

---

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Olmsted Falls City School District, Cuyahoga County, (the District) as of and for the year end June 30, 2016, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements and have issued our report thereon dated December 16, 2016.

### ***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(s) 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 Entity'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.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

**Alger and  
Associates  
Inc**

Digitally signed by Alger and  
Associates Inc  
DN: cn=Alger and Associates Inc,  
o, ou, email=ksalger46@att.net,  
c=US  
Date: 2016.12.19 17:16:32 -05'00'

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

December 16, 2016

OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<u>Child Nutrition Cluster</u> School Breakfast CFDA #10.553 National School Lunch Program CFDA #10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**OLMSTED FALLS CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 14, 2017**