



Dave Yost • Auditor of State

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for 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, the major fund, and the aggregate remaining fund information of Tallmadge City School District, Summit County, Ohio, as of June 30, 2014 and the respective changes in financial position 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*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling 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 March 23, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015

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Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

This discussion and analysis of Tallmadge City School District's (District) financials provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; for more detail on the financial status of the District the reader is encouraged to look at the financial statements along with the 5-year projections along with accompanying notes to the basic financial statements.

Financial Highlights

Key financial highlights for 2014 are as follows:

- General revenues accounted for \$28,686,310 in revenue or 89.2 percent of all operating revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,490,870 or 10.8 percent of total operating revenues of \$32,177,180.
- The District had \$30,318,739 in expenses related to governmental activities; only \$3,490,870 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$28,686,310 were adequate to provide for these programs.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Tallmadge City School District as a financial entity in its entirety. The statements then proceed to provide a more detailed look at specific financial activities.

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about the large number of funds used by the District to provide for programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

In the Statement of Net Position and the Statement of Activities, the District's activities are considered to be all Governmental Activities:

Governmental Activities — Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of non-instructional services, e.g., food service and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on **page 10**. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental 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 accounting, which measures cash and all other financial assets that can be readily 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The District as a Whole

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

Table 1 provides a summary of the District's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	2013
Assets		
Current and Other Assets	\$25,094,070	\$24,733,823
Capital Assets, Net of Depreciation	36,748,997	37,312,271
Total Assets	61,843,067	62,046,094
Liabilities		
Current and Other Liabilities	2,808,093	2,926,445
Long-term Liabilities:		
Due Within One Year	962,482	958,291
Due in More Than One Year	26,666,494	27,265,728
Total Liabilities	30,437,069	31,150,464
Deferred Inflows of Resources	14,568,540	15,916,613
Net Position		
Net Investment in Capital Assets	12,209,043	11,967,583
Restricted	3,083,225	3,377,026
Unrestricted	1,545,190	(365,592)
Total Net Position	\$16,837,458	\$14,979,017

Total net position increased \$1,858,441. Although expenses increased from 2013 to 2014, there was a greater increase in revenues thus creating an overall increase in net position.

Current assets increased by \$360,247 in 2014. The major reason for this increase was an increase in cash due to an increase in local property taxes and intergovernmental revenues.

Current liabilities decreased by \$221,733. This decrease for 2014 is due primarily to a decrease in accounts payable. Also affecting this number is a decrease in accrued wages and benefits.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows a comparison of net position for fiscal year 2014 to fiscal 2013.

Table 2
Governmental Activities

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for Services	\$1,636,888	\$1,764,745
Operating Grants, Contributions and Interest	1,525,176	1,586,077
Capital Grants and Contributions	328,806	352,172
Total Program Revenues	<u>3,490,870</u>	<u>3,702,994</u>
General Revenues:		
Property Taxes	17,491,390	15,231,731
Grants and Entitlements	10,935,173	10,322,909
Investment Earnings	5,239	6,673
Miscellaneous	254,508	609,587
Total General Revenues	<u>28,686,310</u>	<u>26,170,900</u>
Program Expenses		
Instruction:		
Regular	13,105,464	12,968,695
Special	2,913,855	2,726,342
Vocational	765,937	666,593
Adult/Continuing	165,029	53,265
Support Services:		
Pupil	1,404,868	1,426,624
Instructional Staff	274,617	622,553
Board of Education	54,871	41,818
Administration	1,945,672	1,901,459
Fiscal	907,662	900,487
Business	143,032	127,538
Operation and Maintenance of Plant	2,158,828	2,087,150
Pupil Transportation	2,174,079	1,827,222
Central	840,879	954,360
Operation Non-Instructional Services	1,256,792	819,175
Extracurricular Activities	1,039,207	1,005,703
Interest and Fiscal Charges	1,167,947	832,990
Total Program Expenses	<u>30,318,739</u>	<u>28,961,974</u>
Change in Net Position	1,858,441	911,920
Net Position Beginning of Year	<u>14,979,017</u>	<u>14,067,097</u>
Net Position End of Year	<u>\$16,837,458</u>	<u>\$14,979,017</u>

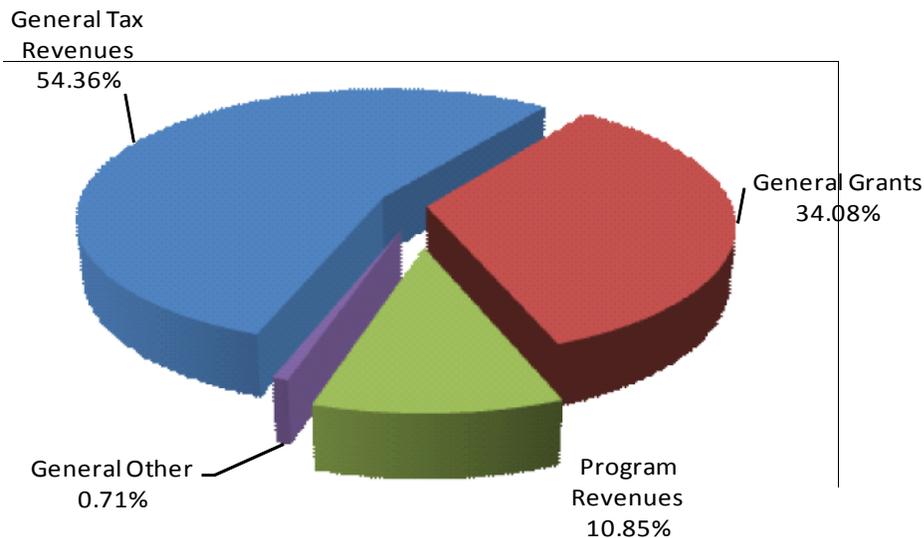
During fiscal year 2014, property tax revenues increased by \$2,259,659. The primary reason for this increase is due to an increase in property taxes collected.

Total expenses increased by \$1,356,768 in 2014. The increase is due to the increase in the instruction costs for students.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

Tallmadge City School District depends on both property taxes and State funding. All of the operating tax levies of the District are continuing except for the levy passed in May 2001 and the 5 year 6.9 mill emergency levy passed in November 2009. The May 2001 levy was renewed in 2006 and 2011 and generates annual revenues of approximately \$2.83 million. The more recent levy passed in November 2009 will generate \$2.86 million per year. This levy was on the ballot in November of 2013 and passed for a renewal period of 10 years.



The District's reliance upon tax revenues is demonstrated by the graph above that indicates 54.36% of total revenues for governmental activities come from local taxes. The reliance on general revenues to support governmental activities is indicated by the net services column reflecting the need for \$28.7 million dollars of support as well as the graph indicating general revenues comprise 89.15% of total revenues.

The community has been very supportive of the Tallmadge City School District by a history of voter approval of operating levies, most recently approving a 6.9 mill emergency levy in November 2009 (mentioned above) in very challenging economic times. Collection for this new levy began in 2010 and accounts for 18.3% of voted tax revenue, and 11.1% of overall revenue. The levy initially passed in May 2001 is very close to the 2009 levy in the amount it collects and accounts for same percentages of revenue for the District.

Instruction comprises 55.91% of governmental program expenses. Historically, the District has promoted excellence in educational programs by the allocation of resources in all instructional areas.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program Expenses				
Instruction:				
Regular	\$13,105,464	\$12,541,571	\$12,968,695	\$12,492,641
Special	2,913,855	2,298,826	2,726,342	2,155,943
Vocational	765,937	745,136	666,593	654,524
Adult/continuing	165,029	116,849	53,265	(22,944)
Support services:				
Pupils	1,404,868	1,085,440	1,426,624	1,147,541
Instructional staff	274,617	228,857	622,553	361,699
Board of education	54,871	53,316	41,818	41,023
Administration	1,945,672	1,712,130	1,901,459	1,711,017
Fiscal	907,662	615,913	900,487	567,472
Business	143,032	138,980	127,538	125,116
Operation and maintenance of plant	2,158,828	2,085,869	2,087,150	2,028,543
Pupil transportation	2,174,079	2,010,880	1,827,222	1,684,454
Central	840,879	817,044	954,360	584,593
Operation non-instructional services	1,256,792	416,430	819,175	106,546
Extracurricular activities	1,039,207	792,681	1,005,703	787,822
Interest and fiscal charges	1,167,947	1,167,947	832,990	832,990
Total Expenses	<u>\$30,318,739</u>	<u>\$26,827,869</u>	<u>\$28,961,974</u>	<u>\$25,258,980</u>

District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$32,317,031 and total expenditures were \$30,253,127. The District was most recently on the ballot for new monies in November 2009 successfully passing a 6.9 mill 5 year emergency levy. This emergency levy generates \$2.86 million per year, and was on the ballot for renewal in November 2013, this time for a 10 year period of time. It passed.

The general fund's net change in fund balance for fiscal year 2014 was an increase of \$2,174,852. Revenue in the general fund was \$27,826,180, which was an increase of \$2,773,087 over the revenue in fiscal year 2013. Most of this increase was in the area of property and other local taxes. Expenses, excluding transfers out in fiscal year 2014 were \$341,206 higher than the fiscal year 2013 total of \$25,316,122.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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. It is the day-to-day operational fund of the District.

During fiscal year 2014, the District from time to time amended its general fund budget with minor modifications. Budget revisions are presented to the Board of Education for approval.

For the general fund, the original budget basis revenue estimate was \$24,446,692. The final actual budget basis revenue was \$26,187,512 which is \$1,740,820 higher than the original estimate.

The District's net change in general fund balance was an increase of \$523,471. This increase in fiscal year 2014 was a result of two major funding areas. The first area being the local tax revenue which saw an increase of \$748,014 as a result of the county collecting a higher than average amount of delinquent taxes. The second is the result of an increase in state funding. For 10 years the district has been on the guarantee for state funding purposes; however fiscal year 2014 brought a new state funding formula which worked for Tallmadge City Schools resulting in an increase of \$555,209 of state monies.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$36,748,997 invested in land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles, net of depreciation. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

Table 4
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	Governmental Activities	
	2014	2013
Land	\$3,354,650	\$3,354,650
Construction in Progress	24,907	303,907
Buildings and Improvements	32,596,206	32,808,425
Furniture, Fixtures, and Equipment	639,927	651,815
Vehicles	133,307	193,474
Total Capital Assets	36,748,997	37,312,271

See **Note 8** to the basic financial statements for detail on the District's capital assets.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Debt

At June 30, 2014 the District had \$24,070,000 of its bonds, (\$30,190,000) which were sold on April 26, 2005 outstanding. Principal due on the bonds within one year totals \$815,000. Table 5 summarizes the bonds and notes outstanding.

Table 5
Outstanding Debt, at Fiscal Year End

	Governmental Activities 2014	Governmental Activities 2013
2005 Bond Issue - HS Building Project	\$24,070,000	\$24,850,000

The HS Building Project Bonds were issued April of 2005 due to the passage of the Bond Issue Levy on November 2, 2004. The levy was a 4.69 mill \$30,500,000 issue. The total bond indebtedness resulted in \$30,190,000 due to bonds being sold at a premium and generating enough funding to retire the notes. The effective millage for the bond issue, due to the last reappraisal reduction in property value is now 5.48 mills. A portion of the bonds (\$9,554,039) were refinanced October 24, 2012 and the remainder of the outstanding bonds (\$14,684,991) was refinanced on April 9, 2013.

At June 30, 2014, the District's overall legal debt limitation was \$33,992,007, based on nine percent of the taxable valuation, with an unvoted debt margin of \$377,690. The District's current rating as issued by Standard & Poor's is AAA (Insured) with a recently upgraded AA- (Underlying)/Stable rating. See **Note 13** to the basic financial statements for detail on the District's long-term obligations.

Current Issues Affecting Financial Condition

With the passage of the renewal, of the November 2009, 6.9 mill five year emergency levy in 2013, and the 2nd renewal in November 2011 of the operating levy originally passed in 2001, the District is experiencing financial stability. The new 2009 emergency levy combined with prior taxpayer initiatives, is providing the necessary funds for the District to manage its educational program and facilities. The District also renewed its 1.25 mill permanent improvement levy in May 2011 for another five years. The recently adopted five year forecast shows that the District should have a positive balance at the end of fiscal year 2019 with the first year that expenditures exceed revenue being fiscal year 2017. Moving forward with the current operating levies will provide adequate funding for the District to continue to operate at a level in hopes of maintaining the Excellent rating that the District has experienced since 2006.

Tallmadge City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

State funding is of great concern to all school districts in the state. Tallmadge had seen steady reductions of state funding over the years to the point where the District was at a level consistent with fiscal year 2003. The states new biennium budget (HB59) adopted in June 2013 created a new formula for school funding. While not all districts which were on the guarantee have benefited from the new formula, Tallmadge City Schools is one that has. The new formula has injected new monies into the district. The increases in additional revenue of \$270,000 in fiscal year 2014 and \$748,260 in fiscal year 2015 are a promising indication that the formula is working for Tallmadge City Schools. Our hope is that now that we are off of the guarantee we will see increases in state funding moving forward. The other part of HB59 which was significant was the ongoing funding at the current level of the reimbursement of personal tangible tax. Tallmadge City Schools receives \$1.2 million per year of reimbursement and it was feared that the phase out of this reimbursement would continue. However, at least thru fiscal year 2015 the state will continue to fund this reimbursement for schools. The state will adopt a new biennium budget for fiscal years fiscal year 2016 and fiscal year 2017. We anticipate that the state funding formula will see additional monies put into schools and that our state funding will continue to increase, however modestly. As mentioned, the other piece of state funding that is critical to our district is the ongoing reimbursement of personal tangible property at its current level. This will be addressed in the states new budget as well. It goes without saying that we are counting on that reimbursement continuing for districts across the state.

The District initiated a strategic planning program involving many community members in order to develop short and long term goals for the District. This group took a look at every aspect of the school district including facility needs for the future of our students. This strategic plan was completed and adopted by the Board in 2011. Part of this strategic plan was to take a look at the facilities master plan that was developed with the Ohio School Facilities Commission (OSFC) back in 2004. The result of that evaluation was to amend the master plan and to replace phase 2 with the construction of a new K-5 elementary building. The Board and the OSFC adopted the revised master plan and the Board placed a bond issue on the November 2012 ballot to build the K-5 elementary. That bond issue subsequently failed. The Board is currently considering how to address the completion of the master plan. We have been informed by the OSFC that Tallmadge City Schools will be eligible for the state share of facility funding in July 2015. The District is eligible to receive 22% of the cost of construction from the state for the completion of the master plan. The construction of the new high school was the first phase of that master plan. However, what is not included in the master plan is the need for updated athletic facilities. The OSFC does not share in the cost of athletic facilities. Therefore the board needs to determine a strategy for the completion of all facility needs for the district.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions or need additional financial information, contact Jeffery W Hostetler, Treasurer, at Tallmadge City School District, 486 East Avenue, Tallmadge, or E-Mail him at hostetler.jeff@tallmadgeschools.org

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Tallmadge City School District
Summit County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,389,983
Receivables:	
Accounts	70,896
Intergovernmental	201,710
Taxes	17,425,748
Inventory Held for Resale	5,733
Non-Depreciable Capital Assets	3,379,557
Depreciable Capital Assets, Net	<u>33,369,440</u>
<i>Total Assets</i>	<u>61,843,067</u>
Liabilities	
Current Liabilities:	
Accounts Payable	124,745
Accrued Wages and Benefits	1,909,424
Intergovernmental Payable	652,624
Matured Compensated Absences Payable	121,300
Long-Term Liabilities:	
Due Within One Year	962,482
Due In More Than One Year	<u>26,666,494</u>
<i>Total Liabilities</i>	<u>30,437,069</u>
Deferred Inflows of Resources	
Property Taxes not Levied to Finance	
Current Year Operations	<u>14,568,540</u>
Net Position	
Net Investment in Capital Assets	12,209,043
Restricted for:	
Debt Service	965,479
Capital Projects	1,709,276
Other Purposes	408,470
Unrestricted	<u>1,545,190</u>
<i>Total Net Position</i>	<u>\$16,837,458</u>

See Accompanying Notes to the Basic Financial Statements

Tallmadge City School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$13,105,464	\$470,135	\$89,333	\$4,425	(\$12,541,571)
Special	2,913,855	68,394	546,635	0	(2,298,826)
Vocational	765,937	20,801	0	0	(745,136)
Adult/Continuing	165,029	5,803	42,377	0	(116,849)
Support Services:					
Pupils	1,404,868	35,191	284,237	0	(1,085,440)
Instructional Staff	274,617	11,257	34,503	0	(228,857)
Board of Education	54,871	1,555	0	0	(53,316)
Administration	1,945,672	176,415	0	57,127	(1,712,130)
Fiscal	907,662	24,495	0	267,254	(615,913)
Business	143,032	4,052	0	0	(138,980)
Operation and Maintenance of Plant	2,158,828	60,751	12,208	0	(2,085,869)
Pupil Transportation	2,174,079	163,199	0	0	(2,010,880)
Central	840,879	23,835	0	0	(817,044)
Operation of Non-Instructional Services	1,256,792	341,114	499,248	0	(416,430)
Extracurricular Activities	1,039,207	229,891	16,635	0	(792,681)
Interest and Fiscal Charges	1,167,947	0	0	0	(1,167,947)
Totals	30,318,739	1,636,888	1,525,176	328,806	(26,827,869)

General Revenues:

Property Taxes Levied for:	
General Purposes	15,426,313
Capital Projects	354,363
Debt Service	1,710,714
Grants and Entitlements not Restricted to Specific Programs	10,935,173
Investment Earnings	5,239
Miscellaneous	254,508
Total General Revenues	28,686,310
Change in Net Position	1,858,441
Net Position Beginning of Year	14,979,017
Net Position End of Year	\$16,837,458

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,661,337	\$2,656,167	\$7,317,504
Receivables:			
Accounts	70,896	0	70,896
Intergovernmental	0	201,710	201,710
Taxes	15,633,948	1,791,800	17,425,748
Interfund	15,575	0	15,575
Inventory Held For Resale	0	5,733	5,733
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	72,479	0	72,479
<i>Total Assets</i>	<u>\$20,454,235</u>	<u>\$4,655,410</u>	<u>\$25,109,645</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$117,777	\$6,968	\$124,745
Accrued Wages and Benefits	1,806,043	103,381	1,909,424
Interfund Payable	0	15,575	15,575
Intergovernmental Payable	606,928	45,696	652,624
Matured Compensated Absences Payable	121,300	0	121,300
<i>Total Liabilities</i>	<u>2,652,048</u>	<u>171,620</u>	<u>2,823,668</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance			
Current Year Operations	13,062,603	1,505,937	14,568,540
Unavailable Revenue	451,637	72,731	524,368
<i>Total Deferred Inflows of Resources</i>	<u>13,514,240</u>	<u>1,578,668</u>	<u>15,092,908</u>
Fund Balances			
Nonspendable			
Inventory	0	5,733	5,733
Restricted			
Capital Improvements	0	1,698,457	1,698,457
Debt Service	0	927,843	927,843
District Managed Activities	0	81,849	81,849
Miscellaneous Grants	0	177,967	177,967
Other Purposes	72,479	16,268	88,747
Scholarships	0	50,643	50,643
Vocational Education	0	11,062	11,062
Committed			
Underground Storage Tank	16,179	0	16,179
Assigned			
Public School Support	107,362	0	107,362
Other Purposes	411,497	0	411,497
Unassigned	3,680,430	(64,700)	3,615,730
<i>Total Fund Balances</i>	<u>4,287,947</u>	<u>2,905,122</u>	<u>7,193,069</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$20,454,235</u>	<u>\$4,655,410</u>	<u>\$25,109,645</u>

See Accompanying Notes to the Basic Financial Statements

Tallmadge City School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Funds Balances \$7,193,069

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

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.

Land	\$3,354,650	
Construction in Progress	24,907	
Buildings and Improvements, Net	32,596,206	
Furniture, Fixture and Equipment, Net	639,927	
Vehicles, Net	<u>133,307</u>	
Total		36,748,997

Other long-term assets are not available to pay for current-period expenditures
and therefore are reported as deferred inflows in the funds:

Taxes	500,092	
Grants	<u>24,276</u>	
Total		524,368

Long-term liabilities, including compensated absences payable and
bonds payable are not due and payable in the current period
and therefore are not reported in the funds:

Compensated Absences Payable	(3,089,022)	
General Obligation Bonds	<u>(24,539,954)</u>	
Total		<u>(27,628,976)</u>

Net Position of Governmental Activities \$16,837,458

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$15,504,747	\$2,085,512	\$17,590,259
Intergovernmental	10,935,173	1,816,191	12,751,364
Interest	5,239	0	5,239
Tuition and Fees	397,111	0	397,111
Rent	15,438	0	15,438
Extracurricular Activities	327,446	166,540	493,986
Gifts and Donations	0	72,773	72,773
Customer Sales and Services	386,518	343,835	730,353
Miscellaneous	254,508	0	254,508
<i>Total Revenues</i>	<u>27,826,180</u>	<u>4,484,851</u>	<u>32,311,031</u>
Expenditures			
Current:			
Instruction:			
Regular	12,256,791	88,050	12,344,841
Special	2,350,927	483,130	2,834,057
Vocational	709,915	0	709,915
Adult/Continuing	30,558	132,000	162,558
Support Services:			
Pupils	1,189,326	219,921	1,409,247
Instructional Staff	233,652	31,921	265,573
Board of Education	54,049	0	54,049
Administration	1,802,906	47,885	1,850,791
Fiscal	851,480	42,396	893,876
Business	138,633	0	138,633
Operation and Maintenance of Plant	1,979,658	16,154	1,995,812
Pupil Transportation	2,096,409	0	2,096,409
Central	827,857	0	827,857
Operation of Non-Instructional Services	284,456	896,522	1,180,978
Extracurricular Activities	752,800	212,950	965,750
Capital Outlay	97,911	555,570	653,481
Debt Service:			
Principal Retirement	0	780,000	780,000
Interest and Fiscal Charges	0	1,192,681	1,192,681
<i>Total Expenditures</i>	<u>25,657,328</u>	<u>4,699,180</u>	<u>30,356,508</u>
<i>Excess(Deficiency) of Revenues</i>			
<i>Over(Under) Expenditures</i>	2,168,852	(214,329)	1,954,523
Other Financing Sources			
Proceeds from Sale of Capital Assets	6,000	0	6,000
<i>Total Other Financing Sources</i>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
<i>Net Change in Fund Balances</i>	2,174,852	(214,329)	1,960,523
<i>Fund Balances Beginning of Year</i>	<u>2,113,095</u>	<u>3,119,451</u>	<u>5,232,546</u>
<i>Fund Balances End of Year</i>	<u>\$4,287,947</u>	<u>\$2,905,122</u>	<u>\$7,193,069</u>

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Summit County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$1,960,523

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

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

Capital Asset Additions	\$218,564	
Depreciation	(772,712)	
Total		(554,148)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and deletions) is to decrease net assets.

Capital Asset Deletions		(9,126)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property Tax	(98,869)	
Grants	(34,982)	
Total		(133,851)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position.

General Obligation Bonds		780,000
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Some expenses reported in the Statement of Activities, such as compensated absences and interest on bond payments do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(209,691)	
Amortization of Premium on Bonds	24,734	
Total		(184,957)

Change in Net Position of Governmental Activities \$1,858,441

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$13,731,813	\$14,478,323	\$14,479,827	\$1,504
Intergovernmental	10,291,292	10,933,192	10,935,173	1,981
Interest	6,402	6,402	5,239	(1,163)
Tuition and Fees	325,455	282,455	282,401	(54)
Rent	16,834	14,834	14,759	(75)
Extracurricular Activities	45,909	45,909	44,163	(1,746)
Customer Sales and Services	15,974	412,784	431,419	18,635
Miscellaneous	13,013	13,613	103,621	90,008
Total Revenues	<u>24,446,692</u>	<u>26,187,512</u>	<u>26,296,602</u>	<u>109,090</u>
Expenditures				
Current:				
Instruction:				
Regular	13,151,292	13,151,292	12,603,333	547,959
Special	2,347,515	2,347,515	2,345,988	1,527
Vocational	723,795	723,795	718,046	5,749
Adult/Continuing	30,000	30,000	30,558	(558)
Support Services:				
Pupils	1,208,123	1,208,123	1,180,948	27,175
Instructional Staff	276,776	276,776	273,565	3,211
Board of Education	59,813	59,813	51,304	8,509
Administration	1,850,660	1,850,660	1,740,982	109,678
Fiscal	958,268	958,268	894,100	64,168
Business	135,799	135,799	138,036	(2,237)
Operation and Maintenance of Plant	2,232,167	2,232,167	2,119,951	112,216
Pupil Transportation	2,001,033	2,001,033	1,988,783	12,250
Central	1,004,731	1,004,731	828,206	176,525
Operation of Non-Instructional Service	263,872	263,872	239,371	24,501
Extracurricular Activities	757,026	757,026	721,272	35,754
Total Expenditures	<u>27,000,870</u>	<u>27,000,870</u>	<u>25,874,443</u>	<u>1,126,427</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	<u>(2,554,178)</u>	<u>(813,358)</u>	<u>422,159</u>	<u>1,235,517</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	2,000	6,000	6,000	0
Refund of Prior Year Expenditures	50,803	94,803	95,312	509
Transfers Out	(921,559)	(921,559)	0	921,559
Total Other Financing Sources	<u>(868,756)</u>	<u>(820,756)</u>	<u>101,312</u>	<u>922,068</u>
Net Change in Fund Balance	(3,422,934)	(1,634,114)	523,471	2,157,585
Fund Balance at Beginning of Year	3,016,018	3,016,018	3,016,018	0
Prior Year Encumbrances Appropriated	430,686	430,686	430,686	0
Fund Balance at End of Year	<u>\$23,770</u>	<u>\$1,812,590</u>	<u>\$3,970,175</u>	<u>\$2,157,585</u>

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$40,909</u></u>
Liabilities	
Due to Students	<u><u>\$40,909</u></u>

See Accompanying Notes to the Basic Financial Statements.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the District

Tallmadge City School District (the “District”) is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The District is primarily located in Summit County with a small portion located in Portage County and encompasses nearly all of the City of Tallmadge. The District provides educational services as mandated by state and federal agencies. The Board controls the District’s eight instructional/support facilities staffed by 93 classified employees and 191 certified full-time personnel who provide services to 2,471 students and other community members. The District currently operates two elementary buildings, one middle school, one high school, an administrative building, an annex, a maintenance garage and a bus garage.

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 all funds, departments, agencies and offices that are not legally separate from the District. For Tallmadge City School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the District.

Non-public Schools – Within the District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the treasurer of the District, as directed by the non-public school. These transactions are reflected as a governmental activity 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 has no component units.

The District participates in two jointly governed organizations. These organizations are the Northeast Ohio Network for Educational Technology and the Six District Educational Compact which are presented in Note 15 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 more 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 financial statements which provide a more detailed level of financial information.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 statement of net position presents the financial condition of the governmental activities of the District at fiscal 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 therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function 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 are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

The other governmental funds of the District account for grants and other resources the uses of which are restricted to a particular purpose.

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

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an agency fund which accounts for student activities.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Measurement Focus

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

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 and the statement for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows 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 values, 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 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, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For fiscal year ending June 30, 2014, the District has no deferred outflows of resources.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow 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 delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 Data

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 for all funds. The Treasurer has been given the authority to allocate Board appropriations to the object level within all funds.

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 and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original 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 fiscal year.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2014, investments were limited to repurchase agreements and a Morgan Bank money market fund. Nonparticipating investment contracts, such as repurchase agreements and money market investments that had a maturity of one year or less at the time of purchase are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Inventory

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent amounts for future purchasing or leasing of buses.

I. Capital Assets

The District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. 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. Interest incurred during the construction of capital assets is not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 – 75 years
Furniture, Fixtures and Equipment	5 – 20 years
Vehicles	7 – 15 years

J. Interfund Balances

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

K. 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 District will compensate the employees for the benefits through paid time off or some other means.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving 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 entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Net Position

Net position represents assets plus deferred outflows minus liabilities minus deferred inflows. Net position 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 their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or regulations of other governments. Net position restricted for other purposes include grant funds, food service operations and extracurricular activities.

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

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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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. 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 other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education.

Unassigned The unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first 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.

O. Interfund Activity

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

P. Estimates

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

Note 3 – Accountability and Compliance

A. Deficit Fund Balances

At June 30, 2014, the following fund reported a deficit in fund balance on the GAAP basis:

Fund	Deficit
Special Revenue Funds	
Food Service	(\$64,700)

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The General Fund is liable for any deficits in this fund and provides transfers when cash is required not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities. This deficit should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Food Services	(\$15,573)
Uniform School Supplies	(\$17,456)

The food services fund and the uniform school supplies fund did not comply with State law which does not allow for a negative cash balance at year end.

B. Change in Accounting Principles

GASB Statement No. 66, “Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62”. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 69, “Government Combinations and Disposals of Government Operations”. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, or assigned of fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Some funds have separate legally adopted budgets (budget basis) but are included in the General Fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Net Change in Fund Balance	
	General Fund
GAAP Basis	\$2,174,852
Revenue Accruals	(1,037,186)
Expenditure Accruals	(123,758)
Funds with Separate Legally Adopted Budgets	26,240
Encumbrances	(516,677)
Budget Basis	\$523,471

Note 5 - 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer’s investment pool (STAROhio);
7. Certain banker’s acceptances 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 rating classifications by at least two nationally recognized rating agencies.

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 until 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.

Deposits At fiscal year end, the District had \$2,970 in undeposited cash on hand, which is included on the Basic Financial Statements as part of “Equity in Pooled Cash and Cash Equivalents”. The bank balance of the District’s deposits was \$1,919,107 of which \$250,000 was covered by federal depository insurance. The remaining balance was covered by a 105% public depository pool, which was collateralized with securities held by the pledging financial institution trust department but not in the District’s name. Although all State statutory requirements for the deposit of money has been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments All interest is legally required to be placed in the General Fund and Building Fund, a capital projects fund. Due to these provisions, the General fund received \$5,239, of which \$2,155 was assigned from other District funds.

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

Investment Type	Fair Value	Investment Maturity Less than One Year
Repurchase Agreements	\$6,140,000	\$6,140,000
Money Market Fund	10,054	10,054

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Interest Rate Risk. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2014, the District's investment in the money market fund was rated AA- by Standard & Poor's.

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 underlying securities for the District's repurchase agreements are held by the bank in the name of the District. The District has no investment policy dealing with custodial risk beyond the requirements of State statute.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in repurchase agreements (99.84 percent).

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

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Summit and Portage Counties. The County Fiscal Officers and County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2014, though not intended to finance fiscal year 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only a portion of 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 inflow.

The amount available as an advance at June 30, 2014 was \$2,119,708 in the general fund, \$52,546 in the permanent improvement capital projects fund and \$184,862 in the Bond Retirement Fund. These are recognized as revenue on the fund financial statements.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

Category	2013 Second Half Collections		2014 First Half Collections	
	Amount	%	Amount	%
Real Property Valuation:				
Agricultural/Residential and Other Real Estate	\$304,897,330	81.64%	\$305,309,530	80.83%
Public Utilities Personal	4,820,280	1.29%	5,421,520	1.44%
Tangible Personal	63,763,690	17.07%	66,967,920	17.73%
Total Valuation	<u>\$373,481,300</u>	<u>100.00%</u>	<u>\$377,698,970</u>	<u>100.00%</u>

Note 7 - Receivables

Receivables at June 30, 2014 consisted of accounts, taxes, interfund, and intergovernmental grants. 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 fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Fund	Amount
Title VI-B	\$52,581
Title I	120,882
Class Size Reduction	
Grant	<u>28,247</u>
Total	<u>\$201,710</u>

Tallmadge City School District
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Note 8 – Capital Assets

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

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$3,354,650	\$0	\$0	\$3,354,650
Construction in Progress	303,907	0	(279,000)	24,907
Total Capital Assets, Not Being Depreciated	3,658,557	0	(279,000)	3,379,557
Capital Assets, Being Depreciated:				
Buildings and Improvements	39,880,833	331,291	0	40,212,124
Furniture, Fixtures and Equipment	1,736,764	144,773	0	1,881,537
Vehicles	1,655,311	21,500	(91,257)	1,585,554
Total Capital Assets, Being Depreciated	43,272,908	497,564	(91,257)	43,679,215
Less Accumulated Depreciation:				
Buildings and Improvements	(7,072,408)	(543,510)	0	(7,615,918)
Furniture, Fixtures and Equipment	(1,084,949)	(156,661)	0	(1,241,610)
Vehicles	(1,461,837)	(72,541)	82,131	(1,452,247)
Total Accumulated Depreciation	(9,619,194)	(772,712) *	82,131	(10,309,775)
Total Capital Assets, Being Depreciated, net	33,653,714	(275,148)	(9,126)	33,369,440
Governmental Activities Capital Assets, net	<u>\$37,312,271</u>	<u>(\$275,148)</u>	<u>(\$288,126)</u>	<u>\$36,748,997</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$382,612
Special	11,218
Vocational	31,657
Support Services:	
Pupils	4,669
Instructional Staff	21,730
Administration	73,126
Fiscal	488
Business	108
Operation and Maintenance of Plant	124,488
Pupil Transportation	43,503
Non-Instructional Services	25,167
Extracurricular Activities	53,946
Total Depreciation Expense	<u>\$772,712</u>

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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. These risks are covered by commercial insurance purchased from independent third parties. The following is a summary of the District's insurance coverage with Todd & Associates, Inc. as of June 30, 2014:

Coverage	Amount
Buildings and Contents - Replacement Costs	\$83,643,627
Inland Marine	50,000
Boiler and Machinery	50,000,000
Crime Insurance	800,000
Automobile Liability	1,000,000
Flood and Earthquake	1,000,000
Uninsured Motorists	50,000
General Liability	
Per Occurrence	1,000,000
Total Per Year	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage in the past three years.

All employees of the District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

The District contracted with Medical Mutual of Ohio to provide medical, drug card, dental, vision and hearing benefit insurance for its employees and their covered dependents. The District is responsible for funding the health expenses, a corridor of up to \$2,000 for single coverage or \$4,000 for family coverage, after the employee has paid his deductible or coinsurance portion.. The District's funding does not apply to services where a deductible does not apply. In addition, the District's funding does not apply to the drug card, dental, vision and hearing benefits. Once the corridor amount is exhausted, Medical Mutual pays the claims. Premium rates are set based on an annual review process with the District.

Workers' Compensation

The District pays the State Self Insurance and Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 - Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org, under Employers/Audit Resources.

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Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$366,703, \$372,902, and \$373,913, respectively; 22.30 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credits calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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DC Plan benefits are established under Sections 3307.80 and 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members' designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefit member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of member who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11% of covered payroll for members and 14% for employers. The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,495,908, \$1,514,570, and \$1,699,709, respectively; 84.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

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STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2011 *Comprehensive Annual Financial* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

The Medicare Part B Plan reimburses for Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50, if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The District's contributions for the years ended June 30, 2014, 2013 and 2012 were \$21,274, \$21,064, and \$22,081, respectively, which equaled the required contributions each year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$64,186, \$65,017, and \$71,654, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

B. State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio Law authorizes STRS to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care cost in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the fiscal years ended June 30, 2013, 2012, and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The School's contributions for health care for fiscal years ended June 30, 2014, 2013, and 2012 were \$115,070, \$116,505, and \$130,747, respectively; 84.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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 three 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. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire will receive a severance benefit upon retirement limited to 25 percent of the accumulated sick leave to a maximum pay out of sixty-eight days. The maximum payout in days is determined by their individual contracts.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 13 - Debt Obligations

Long-Term Obligations

Changes in long-term obligations of the District during fiscal year 2014 were as follows:

	Principal Outstanding 07/01/13	Additions	Deletions	Principal Outstanding 06/30/14	Amounts Due in One Year
General Long-Term Obligations:					
2005 \$30,190,000, 4.62%					
Maturing on 12/01/2032					
School Facilities Bonds	\$24,850,000	\$0	(\$780,000)	\$24,070,000	\$815,000
Unamortized Premium on Bonds	<u>494,688</u>	<u>0</u>	<u>(24,734)</u>	<u>469,954</u>	<u>24,734</u>
Total General Obligation Bonds	25,344,688	0	(804,734)	24,539,954	839,734
Other Long-Term Obligations:					
Compensated Absences	<u>2,879,331</u>	<u>363,248</u>	<u>(153,557)</u>	<u>3,089,022</u>	<u>122,748</u>
Total Governmental Activities	<u>\$28,224,019</u>	<u>\$363,248</u>	<u>(\$958,291)</u>	<u>\$27,628,976</u>	<u>\$962,482</u>

The HS Building Project Bonds were issued April of 2005 due to the passage of the Bond Issue Levy on November 2, 2004. The levy was a 4.69 mill \$30,500,000 issue. The total bond indebtedness resulted in \$30,190,000 due to bonds being sold at a premium and generating enough funding to retire the notes. The effective millage for the bond issue, due to the last reappraisal reduction in property value is now 5.48 mills. A portion of the bonds (\$9,554,039) were refinanced October 24, 2012 and the remainder of the outstanding bonds (\$14,684,991) was refinanced on April 9, 2013.

The School Facilities Bonds will be paid from the Debt Service Fund. Compensated Absences will be paid from the general fund.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The annual requirements to amortize the long-term debt are as follows:

Fiscal Year Ending	General Obligation Bonds		
	Principal	Interest	Total
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$815,000	\$1,141,090	\$1,956,090
2016	850,000	1,105,877	1,955,877
2017	885,000	1,071,177	1,956,177
2018	920,000	1,035,078	1,955,078
2019	955,000	992,803	1,947,803
2020-2024	5,555,000	4,177,263	9,732,263
2025-2029	7,070,000	2,628,926	9,698,926
2030-2033	7,020,000	700,158	7,720,158
Total	<u>\$24,070,000</u>	<u>\$12,852,372</u>	<u>\$36,922,372</u>

Note 14 - Interfund Transactions

Interfund Balance

Interfund Payable	Interfund Receivable
<u>Other Governmental Funds</u>	<u>General Fund</u>
	\$15,575

The General Fund advanced money to an Other Nonmajor Governmental Fund due to insufficient funding. The advances are expected to be repaid from Other Nonmajor Governmental Funds within one year.

Note 15 - Jointly Governed Organizations

Northeast Ohio Network for Educational Technology (NEOnet) – The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service Organization or Information Technology Center (ITC) used by the District. NEOnet is an association of Public School Districts in a geographic area determined by the Ohio Department of Education. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All school districts in the consortium are required to pay fees, charges and assessments as charged. NEOnet is governed by a board, Metropolitan Regional Schools Council (MRSC) consisting of superintendents and treasurers from all of the participating districts. An elected Executive Board consisting of nine members of the governing board is the managerial body of the consortium and meets at least five times a year. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund. During fiscal year 2014, the District contributed \$150,179 to NEOnet. Financial information can be obtained by contacting NEOnet at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Tallmadge City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Six District Educational Compact - The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating School Districts. The six member board consists of the superintendent from each of the participating School Districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a School District other than the School District in which the student resides, the School District of residence pays an instructional fee to the School District that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. The Board exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. Financial information can be obtained by contacting the Treasurer or fiscal agent at 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

Note 16 - Contingencies

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

There is no litigation that the District is involved as of June 30, 2014.

Note 17 - Set-Aside Calculations

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

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

	Capital Acquisition
Set-aside Cash Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	411,405
Current Year Offsets	0
Qualifying Disbursements	(616,570)
Total	(\$205,165)
Cash Balance Carried Forward to Future Years	\$0

The District has qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years.

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**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Program / Cluster Title						
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	004488-3L70-2014	10.553	\$ 56,664		\$ 56,664	
National School Lunch Program	004488-3L60-2014	10.555	233,338	\$34,290	233,338	\$34,290
Total Nutrition Cluster			<u>290,002</u>	<u>34,290</u>	<u>290,002</u>	<u>34,290</u>
Fresh Fruit and Vegetable Program	004488-3L60-2014	10.582		7,500		7,500
Total U.S. Department of Agriculture			<u>290,002</u>	<u>41,790</u>	<u>290,002</u>	<u>41,790</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies Cluster:						
Title I Grants to Local Educational Agencies	004488-3M00-2013	84.010	125,905		64,784	
Title I Grants to Local Educational Agencies	004488-3M00-2014	84.010	397,727		342,361	
Total Title I Grants to Local Educational Agencies			<u>523,632</u>		<u>407,145</u>	
Special Education Cluster:						
Special Education Grants to States	004488-3M20-2013	84.027	84,212		(13,989)	
Special Education Grants to States	004488-3M20-2013	84.027	469,208		438,852	
Total Special Education Cluster			<u>553,420</u>		<u>424,863</u>	
Improving Teacher Quality State Grants	004488-3M20-2013	84.367	10,436		2,462	
Improving Teacher Quality State Grants	004488-3M20-2013	84.367	45,476		40,460	
Total Improving Teacher Quality State Grants			<u>55,912</u>		<u>42,922</u>	
English Language Acquisition State Grants	004488-3Y70-2013	84.365A	8,864		8,864	
Career and Technical Education Basic State Grant	004488-3L90-2014	84.048	2,800			
Total Passed Through Ohio Department of Education			<u>1,144,628</u>		<u>883,794</u>	
Total U.S. Department of Education			<u>1,144,628</u>		<u>883,794</u>	
Total Federal Financial Assistance			<u>\$1,434,630</u>	<u>\$41,790</u>	<u>\$1,173,796</u>	<u>\$41,790</u>

The accompanying notes are an integral part of this schedule.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value for the National School Lunch Program, CFDA #10.555 in the amount of \$34,290 and the Fresh Fruit and Vegetable Program, CFDA 10.582 in the amount of \$7,500. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE D – NEGATIVE PROGRAM BALANCE

The District reported a negative balance in their fiscal year 2013 Special Education Grant. The negative balance was the result of an account correction adjustment. The District overspent fiscal year 2013 Special Education Grant funds and had to reduce expenditures for fiscal year 2013 in fiscal year 2014 to make the correction prior to filing their final expenditure report.



Dave Yost • Auditor of State

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

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

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 Tallmadge City School District, Summit County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015



Dave Yost • Auditor of State

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

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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 the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Tallmadge City School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on February 19, 2014 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

March 23, 2015

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TALLMADGE CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 7, 2015**