

MAUMEE CITY SCHOOL DISTRICT



**Basic Financial Statements – Modified Cash Basis
June 30, 2014**

PAUL BROTZKI, TREASURER

PLATTENBURG
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Maumee City School District
716 Askin Street
Maumee, OH 43537

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

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

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

Dave Yost
Auditor of State

December 29, 2014

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**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Maumee City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District (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 the preparation and fair presentation of these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 express opinions 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 about the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statements 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 to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of significant accounting estimates, as well as our evaluation the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position (modified cash basis), changes in net position (modified cash basis), receipt sources, governmental activities (modified cash basis) and long-term obligations. These tables provide additional analysis and are not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 17, 2014

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

The management's discussion and analysis of the Maumee City School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014, within the limitations of the District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the modified cash basis basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- The total net position of the District decreased \$65,269 or 1.03% from fiscal year 2013.
- General cash receipts accounted for \$30,161,236 or 87.22% of total governmental activities cash receipts. Program specific cash receipts accounted for \$4,419,306 or 12.78% of total governmental activities cash receipts.
- The District had \$34,645,811 in cash disbursements related to governmental activities; \$4,419,306 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) and entitlements not restricted of \$30,161,236 were not adequate to provide for these programs.
- The District's major funds are the general fund, debt service fund and permanent improvement fund. The general fund had cash receipts and other financing sources of \$29,177,909 in 2014. The cash disbursements and other financing uses of the general fund, totaled \$28,781,176 in 2014. The general fund's cash balance increased \$396,733 from 2013 to 2014.
- The debt service fund had cash receipts \$2,405,792 in 2014. The cash disbursements of the debt service fund, totaled \$2,562,546 in 2014. The debt service fund's cash balance decreased \$156,754 from 2013 to 2014.
- The permanent improvement fund had cash receipts and other financing sources of \$431,421 in 2013. The cash disbursements of the permanent improvement fund, totaled \$706,700 in 2013. The permanent improvement fund's cash balance decreased \$275,279 from 2013 to 2014.

Using this Modified Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified cash basis of accounting.

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

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position - modified cash basis and the statement of activities - modified cash basis answer the question, "How did we do financially during 2014?" These statements include *only net position* using the *modified cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

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

The statement of net position - modified cash basis and the statement of activities - modified cash basis can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the debt service fund. The analysis of the District's major governmental funds begins on page 10.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer modified cash basis financial resources that can be readily spent to finance various District programs. The governmental fund statements can be found on pages 15-17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs. The District’s only fiduciary funds are a private purpose trust fund and an agency fund. The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-43 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position - modified cash basis provides the perspective of the District as a whole.

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

	Net Position - Modified Cash Basis	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Assets</u>		
Equity in pooled cash and investments	\$ 6,301,171	\$ 6,366,440
Total assets	<u>6,301,171</u>	<u>6,366,440</u>
<u>Net Position</u>		
Restricted	2,340,455	2,902,457
Unrestricted	<u>3,960,716</u>	<u>3,463,983</u>
Total net position	<u>\$ 6,301,171</u>	<u>\$ 6,366,440</u>

The total net position of the District decreased \$65,269, which represents a 1.03% decrease from fiscal year 2013. The increase is due primarily to the decrease in property tax receipts during fiscal year 2014.

The balance of government-wide unrestricted net position of \$3,960,716 may be used to meet the government’s ongoing obligations to citizens and creditors.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

The table below shows the changes in net position for fiscal year 2014 and 2013.

Change in Net Position - Modified Cash Basis		
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,431,769	\$ 1,411,984
Operating grants and contributions	<u>2,987,537</u>	<u>2,604,365</u>
Total program cash receipts	<u>4,419,306</u>	<u>4,016,349</u>
General cash receipts:		
Property and other taxes	20,745,812	21,391,710
Unrestricted grants	9,262,489	9,228,954
Sale of refunding bonds	-	13,169,766
Sale of bonds	-	1,200,000
Premium on bonds	-	809,872
Investment earnings	17,562	28,893
Other	<u>135,373</u>	<u>33,883</u>
Total general cash receipts	<u>30,161,236</u>	<u>45,863,078</u>
Total cash receipts	<u>34,580,542</u>	<u>49,879,427</u>

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**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Change in Net Position - Modified Cash Basis (Continued)

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Cash Disbursements:		
Instruction:		
Regular	\$ 14,689,264	\$ 14,903,135
Special	2,791,923	2,943,535
Vocational	112,984	112,119
Adult/continuing	175	55
Other	1,091,221	751,618
Support services:		
Pupil	1,472,250	1,322,569
Instructional staff	719,196	1,004,833
Board of education	34,692	40,349
Administration	2,565,067	2,426,593
Fiscal	788,105	824,428
Business	210,343	194,426
Operations and maintenance	3,033,185	3,050,323
Pupil transportation	1,024,116	1,529,919
Central	657,695	622,745
Operation of non instructional services:		
Other non-instructional services	488,017	578,779
Food service operations	861,125	904,003
Extracurricular	915,579	954,260
Facilities acquisition and construction	659,048	190,425
Debt service:		
Principal retirement	1,595,000	1,365,000
Interest and fiscal charges	936,826	887,762
Bond issuance costs	-	193,833
Payment to bond refunding escrow agent	-	13,785,805
Total cash disbursements	<u>34,645,811</u>	<u>48,586,514</u>
Change in net position	(65,269)	1,292,913
Net position at beginning of year	<u>6,366,440</u>	<u>5,073,527</u>
Net position at end of year	<u>\$ 6,301,171</u>	<u>\$ 6,366,440</u>

Governmental Activities

Governmental net position decreased by \$65,269 in fiscal year 2014 from fiscal year 2013. The decrease is mainly due to the decrease in property tax receipts. Total governmental cash disbursements of \$34,645,811 were offset by program cash receipts of \$4,419,306 and general cash receipts of \$30,161,236. Program receipts supported 12.76% of the total governmental cash disbursements.

The primary sources of cash receipts for governmental activities are derived from property taxes, and grants and entitlements. These cash receipt sources represent 86.78% of total governmental cash receipts. Real estate property is reappraised every six years.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

The statement of activities - modified cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements.

Governmental Activities - Modified Cash Basis				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Cash disbursements:				
Instruction:				
Regular	\$ 14,689,264	\$ 13,882,797	\$ 14,903,135	\$ 14,082,977
Special	2,791,923	1,511,027	2,943,535	2,098,931
Vocational	112,984	107,944	112,119	97,036
Adult/continuing	175	(1,085)	55	(2,375)
Other	1,091,221	1,091,221	751,618	751,618
Support services:				
Pupil	1,472,250	1,462,014	1,322,569	1,317,840
Instructional staff	719,196	537,774	1,004,833	776,374
Board of education	34,692	34,692	40,349	40,349
Administration	2,565,067	2,510,726	2,426,593	2,400,343
Fiscal	788,105	788,105	824,428	824,428
Business	210,343	23,888	194,426	25,099
Operations and maintenance	3,033,185	2,941,742	3,050,323	2,971,461
Pupil transportation	1,024,116	969,532	1,529,919	1,476,608
Central	657,695	552,079	622,745	518,750
Operation of non instructional services:				
Other non-instructional services	488,017	(33,294)	578,779	66,753
Food service operations	861,125	56,157	904,003	77,060
Extracurricular	915,579	600,312	954,260	624,088
Facilities acquisition and construction	659,048	659,048	190,425	190,425
Debt service:				
Principal retirement	1,595,000	1,595,000	1,365,000	1,365,000
Interest and fiscal charges	936,826	936,826	887,762	887,762
Bond issuance costs	-	-	193,833	193,833
Payment to refunded bond escrow agent	-	-	13,785,805	13,785,805
Total	<u>\$ 34,645,811</u>	<u>\$ 30,226,505</u>	<u>\$ 48,586,514</u>	<u>\$ 44,570,165</u>

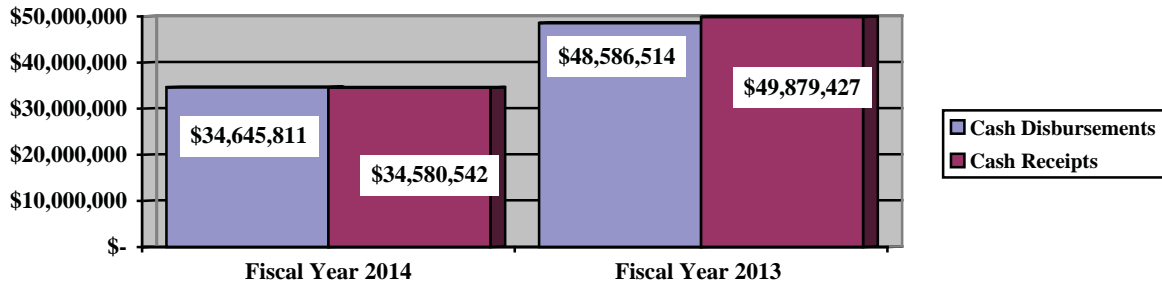
The dependence upon general cash receipts for governmental activities is apparent; with 87.25% of cash disbursements supported through taxes and other general cash receipts during 2014.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

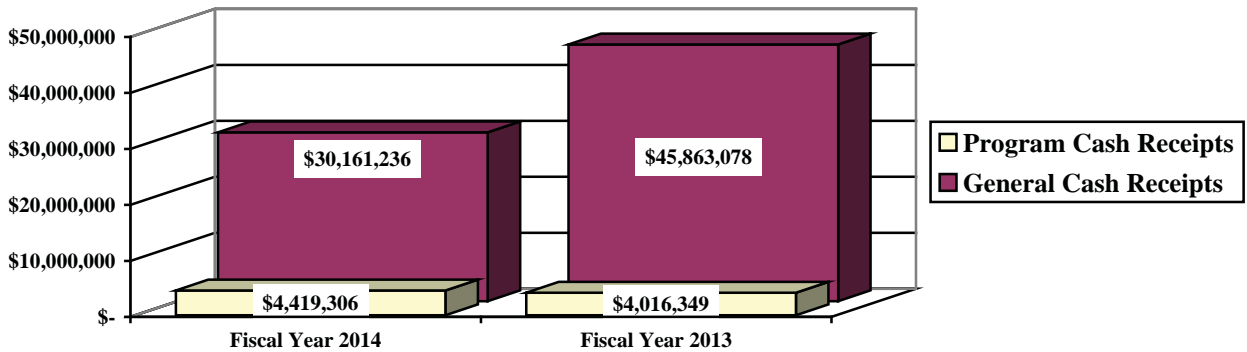
The graph below presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2014 and 2013.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



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

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the modified cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$6,301,171, which is \$65,269 less than last year's total of \$6,366,440. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and June 30, 2013, for all major and nonmajor governmental funds.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Fund Balance</u> <u>June 30, 2013</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 3,860,716	\$ 3,463,983	\$ 396,733
Debt service	1,190,803	1,347,557	(156,754)
Permanent improvement	825,484	1,100,763	(275,279)
Other nonmajor governmental funds	<u>424,168</u>	<u>454,137</u>	<u>(29,969)</u>
Total	<u>\$ 6,301,171</u>	<u>\$ 6,366,440</u>	<u>\$ (65,269)</u>

General Fund

The general fund, the District's largest major fund, had cash receipts and other financing sources of \$29,177,909 in 2014. The cash disbursements and other financing uses of the general fund, totaled \$28,781,176 in 2014. The general fund's fund balance increased \$396,733 from 2013 to 2014. Total general fund receipts and disbursements for fiscal year 2014 remained consistent with fiscal year 2013.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 18,506,219	\$ 19,058,486	(2.90) %
Tuition	343,429	304,402	12.82 %
Earnings on investments	17,562	26,052	(32.59) %
Classroom materials and fees	155,153	173,061	(10.35) %
Intergovernmental	9,626,590	9,229,188	4.31 %
Other revenues	<u>498,956</u>	<u>360,094</u>	38.56 %
Total	<u>\$ 29,147,909</u>	<u>\$ 29,151,283</u>	(0.01) %

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 17,801,627	\$ 17,907,993	(0.59) %
Support services	10,151,151	10,109,253	0.41 %
Operation of non instruction	40,390	46,638	(13.40) %
Extracurricular	<u>658,008</u>	<u>659,566</u>	(0.24) %
Total	<u>\$ 28,651,176</u>	<u>\$ 28,723,450</u>	(0.25) %

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Debt Service Fund

The debt service fund had cash receipts of \$2,405,792 in 2014. The cash disbursements of the debt service fund, totaled \$2,562,546 in 2014. The fund balance of the debt service fund decreased \$156,754 from fiscal year 2013.

Permanent Improvement Fund

The permanent improvement fund had cash receipts and other financing sources of \$431,421 in 2014. The cash disbursements of the permanent improvement fund, totaled \$706,700 in 2013. The fund balance of the permanent improvement fund decreased \$275,279 from fiscal year 2013.

Budgeting Highlights - General Fund

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

During the course of fiscal year 2014, the District amended its general fund budget numerous times. For the general fund, original budgeted receipts and other financing sources were \$28,600,000, which were unchanged in the final budgeted receipts. Actual receipts and other financing sources for fiscal year 2014 were \$28,756,330. This represents a \$156,330 increase from final budgeted receipts.

General fund original appropriations (appropriated cash disbursements including other financing uses) of \$28,890,279 were decreased to \$28,810,892 in the final appropriations. The actual budget basis disbursements for fiscal year 2014 totaled \$28,625,665, which was \$185,227 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying modified cash basis basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2014 and 2013.

	Governmental Activities 2014	Governmental Activities 2013
	<u> </u>	<u> </u>
General obligation bonds	\$ 31,738,332	\$ 33,202,600
Total long-term obligations	<u>\$ 31,738,332</u>	<u>\$ 33,202,600</u>

See Note 7 to the basic financial statements for more detail on the District’s long-term obligations.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Current Financial Related Activities

Traditionally the District has had a strong financial base and a somewhat stable revenue source. As the preceding information shows, the District relies heavily on property taxes and the State Foundation Program. The District recently passed a 4.9 mill levy in November 2011, but that still does not shield it from the economic downturn on both the national and State level. The effects are being felt in job loss, layoffs, reduced income and the decline in property values for the past 7 years. Other factors affecting the District are the requirements of Federal and State regulations, including but not limited to the No Child Left Behind Act, 3rd grade reading guarantee, AYP, RTI and the Ohio Improvement Process.

Considering the external economic challenges, the District's financial outlook is not as solid as many believe. The Board of Education and administration closely monitor its receipts and disbursements in accordance with its financial forecast. In spite of the projected monetary shortfall, the District continues to perform at one of the highest levels determined by the State of Ohio.

The District communicates to its community that it relies upon their support for the major part of its operations, and will continue to diligently control expenses in an effort to stay within the District's five year financial plan. State law retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth forces the District to go to the voters periodically to ask for additional financial support.

A challenge facing the District is the future of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Subsequent decisions by the Supreme Court have upheld this earlier decision. Since 1997, the State has directed its tax revenue growth toward school districts with little property wealth. Over the past three years State funding has remained at FY 11 levels. The specter of continued reimbursement reductions involving the CAT (Commercial Activity Tax) and unknown state support make financial forecasting a challenging and nearly impossible. Recent activity by the Governor and legislature on a new method of school funding cast a shadow of uncertainty heading into the new biennium.

As a result, all of the District's abilities will be called upon to meet the challenges the future might bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the students' needs and the State's requirements over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Paul Brotzki, Treasurer, Maumee City School District, 716 Askin Street, Maumee, Ohio 43537.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 6,301,171
Total assets.	6,301,171
Net position:	
Restricted for:	
Capital projects	725,484
Debt service.	1,190,803
Locally funded programs	136,005
State funded programs.	43,919
Federally funded programs	5,315
Student activities	141,346
Other purposes	97,583
Unrestricted	3,960,716
Total net position.	\$ 6,301,171

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cash Disbursements	Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes In Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 14,689,264	\$ 344,702	\$ 461,765	\$ (13,882,797)
Special	2,791,923	96,822	1,184,074	(1,511,027)
Vocational	112,984	-	5,040	(107,944)
Adult/continuing.	175	1,260	-	1,085
Other	1,091,221	-	-	(1,091,221)
Support services:				
Pupil.	1,472,250	-	10,236	(1,462,014)
Instructional staff	719,196	223	181,199	(537,774)
Board of education	34,692	-	-	(34,692)
Administration.	2,565,067	-	54,341	(2,510,726)
Fiscal.	788,105	-	-	(788,105)
Business.	210,343	186,455	-	(23,888)
Operations and maintenance	3,033,185	91,443	-	(2,941,742)
Pupil transportation.	1,024,116	-	54,584	(969,532)
Central	657,695	-	105,616	(552,079)
Operation of non-instructional services:				
Food service operations	861,125	383,956	421,012	(56,157)
Other non-instructional services	488,017	42,241	479,070	33,294
Extracurricular activities.	915,579	284,667	30,600	(600,312)
Facilities acquisition and construction.	659,048	-	-	(659,048)
Debt service:				
Principal retirement	1,595,000	-	-	(1,595,000)
Interest and fiscal charges	936,826	-	-	(936,826)
Total governmental activities	<u>\$ 34,645,811</u>	<u>\$ 1,431,769</u>	<u>\$ 2,987,537</u>	<u>(30,226,505)</u>
General cash receipts:				
Property taxes levied for:				
General purposes				18,506,219
Debt service.				1,966,445
Capital outlay.				273,148
Grants and entitlements not restricted				
to specific programs				9,262,489
Investment earnings				17,562
Miscellaneous				135,373
Total general cash receipts				<u>30,161,236</u>
Change in net position.				(65,269)
Net position at beginning of year				<u>6,366,440</u>
Net position at end of year.				<u>\$ 6,301,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments.	\$ 3,860,716	\$ 1,190,803	\$ 825,484	\$ 424,168	\$ 6,301,171
Total assets	<u>\$ 3,860,716</u>	<u>\$ 1,190,803</u>	<u>\$ 825,484</u>	<u>\$ 424,168</u>	<u>\$ 6,301,171</u>
Fund balances:					
Restricted:					
Debt service	-	1,190,803	-	-	1,190,803
Capital improvements	-	-	725,484	-	725,484
Food service operations	-	-	-	97,583	97,583
Non-public schools	-	-	-	43,919	43,919
Special education	-	-	-	1,055	1,055
Targeted academic assistance	-	-	-	4,260	4,260
Extracurricular.	-	-	-	141,346	141,346
Other purposes.	-	-	-	136,005	136,005
Committed:					
Capital improvements	-	-	100,000	-	100,000
Other purposes.	11,000	-	-	-	11,000
Assigned:					
Student instruction	47,358	-	-	-	47,358
Student and staff support.	274,379	-	-	-	274,379
Facilities acquisition and construction	17,919	-	-	-	17,919
Subsequent year's appropriations	236,820	-	-	-	236,820
Adult education.	34,468	-	-	-	34,468
Other purposes.	159,906	-	-	-	159,906
Unassigned	<u>3,078,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,078,866</u>
Total fund balances	<u>\$ 3,860,716</u>	<u>\$ 1,190,803</u>	<u>\$ 825,484</u>	<u>\$ 424,168</u>	<u>\$ 6,301,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:					
From local sources:					
Property taxes	\$ 18,506,219	\$ 1,966,445	\$ 273,148	\$ -	\$ 20,745,812
Tuition.	343,429	-	-	-	343,429
Earnings on investments	17,562	-	-	-	17,562
Charges for services	-	-	-	352,783	352,783
Extracurricular.	3,104	-	-	138,059	141,163
Classroom materials and fees	155,153	-	-	-	155,153
Other local revenues	495,852	-	-	205,643	701,495
Intergovernmental - state	9,626,590	439,347	58,273	476,769	10,600,979
Intergovernmental - federal	-	-	-	1,522,166	1,522,166
Total revenues	<u>29,147,909</u>	<u>2,405,792</u>	<u>331,421</u>	<u>2,695,420</u>	<u>34,580,542</u>
Cash disbursements:					
Current:					
Instruction:					
Regular.	14,188,133	-	30,021	471,110	14,689,264
Special	2,409,114	-	-	382,809	2,791,923
Vocational	112,984	-	-	-	112,984
Adult/continuing	175	-	-	-	175
Other	1,091,221	-	-	-	1,091,221
Support services:					
Pupil	1,462,682	-	-	9,568	1,472,250
Instructional staff	537,619	-	-	181,577	719,196
Board of education	34,692	-	-	-	34,692
Administration	2,510,775	-	-	54,292	2,565,067
Fiscal	753,119	30,720	4,266	-	788,105
Business.	210,343	-	-	-	210,343
Operations and maintenance	3,009,596	-	-	23,589	3,033,185
Pupil transportation	1,010,751	-	13,365	-	1,024,116
Central	621,574	-	-	36,121	657,695
Operation of non-instructional services:					
Food service operations.	-	-	-	861,125	861,125
Other operation of non-instructional.	40,390	-	-	447,627	488,017
Extracurricular activities	658,008	-	-	257,571	915,579
Facilities acquisition and construction.	-	-	659,048	-	659,048
Debt service:					
Principal retirement.	-	1,595,000	-	-	1,595,000
Interest and fiscal charges	-	936,826	-	-	936,826
Total expenditures	<u>28,651,176</u>	<u>2,562,546</u>	<u>706,700</u>	<u>2,725,389</u>	<u>34,645,811</u>
Excess (deficiency) of cash receipts over (under) cash disbursements.	<u>496,733</u>	<u>(156,754)</u>	<u>(375,279)</u>	<u>(29,969)</u>	<u>(65,269)</u>
Other financing sources (uses):					
Transfers in.	-	-	100,000	-	100,000
Transfers (out)	(100,000)	-	-	-	(100,000)
Advances in	30,000	-	-	30,000	60,000
Advances (out)	(30,000)	-	-	(30,000)	(60,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	396,733	(156,754)	(275,279)	(29,969)	(65,269)
Fund balances at beginning of year.	<u>3,463,983</u>	<u>1,347,557</u>	<u>1,100,763</u>	<u>454,137</u>	<u>6,366,440</u>
Fund balances at end of year.	<u>\$ 3,860,716</u>	<u>\$ 1,190,803</u>	<u>\$ 825,484</u>	<u>\$ 424,168</u>	<u>\$ 6,301,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary basis receipts:				
From local sources:				
Property taxes	\$ 18,405,612	\$ 18,405,612	\$ 18,506,219	\$ 100,607
Tuition.	340,309	340,309	342,169	1,860
Earnings on investments	17,467	17,467	17,562	95
Classroom materials and fees	56,138	56,138	56,445	307
Other local revenues	169,306	169,306	170,231	925
Intergovernmental - state	9,574,256	9,574,256	9,626,590	52,334
Total budgetary basis receipts	<u>28,563,088</u>	<u>28,563,088</u>	<u>28,719,216</u>	<u>156,128</u>
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	13,893,525	13,855,347	13,873,075	(17,728)
Special.	2,468,970	2,462,186	2,424,752	37,434
Vocational.	116,150	115,831	112,984	2,847
Adult/continuing	50	50	50	-
Other.	1,099,020	1,096,000	1,091,221	4,779
Support services:				
Pupil.	1,533,618	1,529,404	1,462,937	66,467
Instructional staff	543,741	542,247	529,685	12,562
Board of education	34,985	34,889	35,306	(417)
Administration.	2,608,083	2,600,916	2,532,488	68,428
Fiscal	765,762	763,658	757,579	6,079
Business	48,965	48,830	31,955	16,875
Operations and maintenance.	3,019,892	3,011,594	3,028,183	(16,589)
Pupil transportation	1,043,965	1,041,096	1,011,671	29,425
Central.	620,376	618,671	626,918	(8,247)
Operation of non-instructional services	2,813	2,805	2,874	(69)
Extracurricular activities.	664,193	662,368	651,187	11,181
Total budgetary basis disbursements	<u>28,464,108</u>	<u>28,385,892</u>	<u>28,172,865</u>	<u>213,027</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>98,980</u>	<u>177,196</u>	<u>546,351</u>	<u>369,155</u>
Other financing sources (uses):				
Refund of prior year's expenditures	7,075	7,075	7,114	39
Transfers (out).	(396,088)	(395,000)	(422,800)	(27,800)
Advances in.	29,837	29,837	30,000	163
Advances (out)	(30,083)	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>(389,259)</u>	<u>(388,088)</u>	<u>(415,686)</u>	<u>(27,598)</u>
Net change in fund balance	(290,279)	(210,892)	130,665	341,557
Fund balance at beginning of year	3,028,938	3,028,938	3,028,938	-
Prior year encumbrances appropriated	156,083	156,083	156,083	-
Fund balance at end of year	<u>\$ 2,894,742</u>	<u>\$ 2,974,129</u>	<u>\$ 3,315,686</u>	<u>\$ 341,557</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 115,071	\$ 36,603
Total assets.	115,071	\$ 36,603
Net position:		
Due to students.	\$ -	\$ 36,603
Held in trust for scholarships	115,071	-
Total net position.	\$ 115,071	\$ 36,603

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 72,646
Total additions.	72,646
Deductions:	
Scholarships awarded	52,155
Change in net position	20,491
Net position at beginning of year.	94,580
Net position at end of year	\$ 115,071

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Maumee City School District (the "District") is located in central Lucas County in northwest Ohio, encompassing most of the City of Maumee and parts of the City of Toledo.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school.

The District employs 17 administrators, 130 non-certified and 186 certified full-time and part-time employees to provide services to approximately 2,617 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.B., these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these modified cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$103,978. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District did not make any payments to the Center during fiscal year 2013. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member Boards of Education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an assembly consisting of a representative from each participating school district. Financial information can be obtained from the North Point Education Service Center, which serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

PUBLIC ENTITY RISK POOL

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the LFP is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP. With the exception of investments, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - The permanent improvement fund is used to account for financial resources to be used for the construction and improvement of school facilities as are authorized by Chapter 5705, Revised Code.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to disbursements for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

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

D. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position - modified cash basis and the statement of activities - modified cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified cash basis or draws from the general receipts of the District.

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

E. Budgets

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

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for fiscal year 2014.

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements may not exceed the appropriation totals at the fund level which is the legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

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

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

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

F. Cash and Investments

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

During fiscal year 2014, investments were limited to federal agency securities, negotiable certificates of deposit, a U.S. Government money market fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at cost.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$17,562, which includes \$8,581 assigned from other funds.

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

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

G. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the modified cash basis of accounting. Depreciation has not been reported for any capital assets.

I. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

J. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

L. Fund Balance

The District reports classifications of fund balance based on the purpose for which resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

The District applies restricted resources first when disbursements are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Net Position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. Net position restricted for other purposes consists of funds restricted for food service.

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

N. Parochial Schools

Within the District boundaries, St. Joseph's School and St. Patrick School are operated by the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The receipt and disbursement of these State monies by the District are reflected as special revenue funds for financial reporting purposes.

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds are eliminated on the statement of net position - modified cash basis and the statement of activities - modified cash basis.

P. Stabilization Arrangement

The Board of Education has \$315,183 of unassigned fund balance in the general fund set aside to be used for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows, liabilities, deferred inflows, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash on Hand

At fiscal year end, the District had \$9,090 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$3,379,792. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$3,049,938 of the District’s bank balance of \$3,549,938 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

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

<u>Investment type</u>	<u>Carrying value</u>	<u>Investment maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FNMA	\$ 623,223	\$ -	\$ -	\$ 313,084	\$ -	\$ 310,139
Negotiable CDs	2,071,807	450,675	100,000	270,000	125,000	1,126,132
U.S. Government money market fund	56,896	56,896	-	-	-	-
STAR Ohio	312,037	312,037	-	-	-	-
Total	\$ 3,063,963	\$ 819,608	\$ 100,000	\$ 583,084	\$ 125,000	\$ 1,436,271

The weighted average maturity of investments is 1.64 years.

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

Credit Risk: STAR Ohio and the U.S. Government money market fund carry a rating of AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The District’s investments in negotiable CDs were not rated. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District's investments in negotiable CDs are insured by the FDIC. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Investment type</u>	<u>Carrying value</u>	<u>% of total</u>
FNMA	\$ 623,223	20.34
Negotiable CDs	2,071,807	67.62
U.S. Government money market fund	56,896	1.86
STAR Ohio	<u>312,037</u>	<u>10.18</u>
Total	<u>\$ 3,063,963</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position - Modified Cash Basis

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - modified cash basis as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,379,792
Investments	3,063,963
Cash on hand	<u>9,090</u>
Total	<u>\$ 6,452,845</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,301,171
Private-purpose trust fund	115,071
Agency fund	<u>36,603</u>
Total	<u>\$ 6,452,845</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Permanent improvement	<u>\$ 100,000</u>

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** During fiscal year 2014, advances consisted of \$30,000 from the general fund to nonmajor governmental funds. During fiscal year 2014, \$30,000 of advances were repaid to the general fund from nonmajor governmental funds.

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore no advances are reported in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Lucas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 399,858,650	97.89	\$ 396,114,620	97.65
Public utility personal	<u>8,623,550</u>	<u>2.11</u>	<u>9,544,240</u>	<u>2.35</u>
Total	<u>\$ 408,482,200</u>	<u>100.00</u>	<u>\$ 405,658,860</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 84.55		\$ 84.95	

NOTE 7 - LONG-TERM OBLIGATIONS

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

	<u>Balance Outstanding June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2014</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
<u>General obligation bonds:</u>					
Series 2003 - current interest	\$ 1,055,000	\$ -	\$ (1,055,000)	\$ -	\$ -
Series 2011 refunding bonds					
Current interest bonds	8,465,000	-	(160,000)	8,305,000	165,000
Capital appreciation bonds	339,995	-	-	339,995	-
Accreted interest	104,628	91,742	-	196,370	-
Series 2012 refunding bonds					
Current interest bonds	8,695,000	-	(90,000)	8,605,000	90,000
Capital appreciation bonds	134,968	-	-	134,968	-
Accreted interest	38,010	37,089	-	75,099	-
Series 2013A - current interest	1,200,000	-	(45,000)	1,155,000	70,000
Series 2013B refunding bonds					
Current interest bonds	8,270,000	-	(160,000)	8,110,000	40,000
Capital appreciation bonds	4,766	-	-	4,766	-
Accreted interest	233	1,901	-	2,134	-
Series 2013C refunding bonds					
Current interest bonds	<u>4,895,000</u>	<u>-</u>	<u>(85,000)</u>	<u>4,810,000</u>	<u>1,105,000</u>
Total long-term obligations governmental activities	<u>\$ 33,202,600</u>	<u>\$ 130,732</u>	<u>\$ (1,595,000)</u>	<u>\$ 31,738,332</u>	<u>\$ 1,470,000</u>

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds - series 2003: On August 1, 2003, the District issued \$42,000,000 in school facilities construction and improvement general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The bonds have a scheduled maturity date of December 1, 2031. Interest payments on the bonds are due on June 1 and December 1 of each year. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund. On December 28, 2011, the District issued \$8,984,995 (series 2011 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On February 23, 2012, the District issued \$8,999,968 (series 2012 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On April 11, 2013, the District issued \$8,274,766 (series 2013B advance refunding general obligation bonds) and \$4,895,000 (series 2013C advance refunding general obligation bonds), respectively, to advance refund the callable portion of the series 2003 bonds.

The proceeds of the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 2014, \$31,160,000 of this debt was still outstanding.

Series 2011 advance refunding general obligation bonds: On December 28, 2011, the District issued general obligation bonds to advance refund a portion of the series 2003 general obligation. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the long-term obligations.

At June 30, 2014, the refunding issue is comprised of both current interest bonds, par value \$8,645,000, and capital appreciation bonds, par value \$339,995. The interest rate on the current interest bonds ranges from 2.00-2.50%. The capital appreciation bonds mature on December 1, 2019 (approximate initial offering yield to maturity 2.44%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,505,000. Total accreted interest of \$196,370 has been included in the long-term obligations.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2022. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund.

Series 2012 advance refunding general obligation bonds: On February 23, 2012, the District issued general obligation bonds to advance refund a portion of the series 2003 general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the long-term obligations.

At June 30, 2014, the refunding issue is comprised of both current interest bonds, par value \$8,865,000, and capital appreciation bonds, par value \$134,968. The interest rate on the current interest bonds ranges from 2.00-3.00%. The capital appreciation bonds mature on December 1, 2023 (approximate initial offering yield to maturity 3.40%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,330,000. Total accreted interest of \$75,099 has been included in the long-term obligations.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2027. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund.

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

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds - series 2013A: On April 11, 2013, the District issued \$1,200,000 in various purpose general obligation bonds to provide funds for renovating and improving existing District facilities; and acquiring fixed and movable equipment for school purposes, including buses and other vehicles. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The interest rate on the bonds ranges from 2.00%-2.625%. The bonds have a scheduled maturity date of December 1, 2027. Interest payments on the bonds are due on June 1 and December 1 of each year. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund.

Series 2013B advance refunding general obligation bonds: On April 11, 2013, the District issued general obligation bonds to advance refund a portion of the series 2003 general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the long-term obligations.

At June 30, 2014, the refunding issue is comprised of both current interest bonds, par value \$8,270,000, and capital appreciation bonds, par value \$4,766. The interest rate on the current interest bonds ranges from 2.00-3.00%. The capital appreciation bonds mature on December 1, 2028 (approximate initial offering yield to maturity 3.35%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$740,000. Total accreted interest of \$2,134 has been included in the long-term obligations.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2031. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund.

Series 2013C advance refunding general obligation bonds: On April 11, 2013, the District issued general obligation bonds to advance refund a portion of the series 2003 general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the long-term obligations.

At June 30, 2014, the refunding issue is comprised of current interest bonds, par value \$4,895,000. The interest rate on the current interest bonds ranges from 0.50-5.00%.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2029. Payments of principal and interest relating to the bonds are recorded as disbursements in the debt service fund.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future debt service requirements for the general obligation bonds:

2011 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 165,000	\$ 179,963	\$ 344,963	\$ -	\$ -	\$ -
2016	165,000	176,662	341,662	-	-	-
2017	420,000	170,812	590,812	-	-	-
2018	1,450,000	152,112	1,602,112	-	-	-
2019	1,480,000	122,813	1,602,813	-	-	-
2020 - 2023	4,625,000	275,670	4,900,670	339,995	1,165,005	1,505,000
Total	\$ 8,305,000	\$ 1,078,032	\$ 9,383,032	\$ 339,995	\$ 1,165,005	\$ 1,505,000

2012 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 90,000	\$ 248,794	\$ 338,794	\$ -	\$ -	\$ -
2016	95,000	246,944	341,944	-	-	-
2017	95,000	245,044	340,044	-	-	-
2018	95,000	243,144	338,144	-	-	-
2019	100,000	241,193	341,193	-	-	-
2020 - 2024	910,000	1,168,346	2,078,346	134,968	1,195,032	1,330,000
2025 - 2028	7,220,000	418,950	7,638,950	-	-	-
Total	\$ 8,605,000	\$ 2,812,415	\$ 11,417,415	\$ 134,968	\$ 1,195,032	\$ 1,330,000

Fiscal Year Ended	2013A General Obligation Bonds			2013C Advance Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 70,000	\$ 25,450	\$ 95,450	\$ 1,105,000	\$ 183,550	\$ 1,288,550
2016	75,000	24,000	99,000	1,150,000	132,700	1,282,700
2017	75,000	22,500	97,500	960,000	79,950	1,039,950
2018	75,000	21,000	96,000	-	55,950	55,950
2019	80,000	19,450	99,450	-	55,950	55,950
2020 - 2024	410,000	72,200	482,200	-	279,750	279,750
2025 - 2029	370,000	19,631	389,631	1,470,000	254,025	1,724,025
2030	-	-	-	125,000	2,250	127,250
Total	\$ 1,155,000	\$ 204,231	\$ 1,359,231	\$ 4,810,000	\$ 1,044,125	\$ 5,854,125

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ended	2013B Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 40,000	\$ 238,425	\$ 278,425	\$ -	\$ -	\$ -
2016	40,000	237,625	277,625	-	-	-
2017	40,000	236,825	276,825	-	-	-
2018	40,000	236,025	276,025	-	-	-
2019	40,000	235,225	275,225	-	-	-
2020 - 2024	220,000	1,162,875	1,382,875	-	-	-
2025 - 2029	700,000	1,112,338	1,812,338	4,766	735,234	740,000
2030 - 2032	6,990,000	323,250	7,313,250	-	-	-
Total	<u>\$ 8,110,000</u>	<u>\$ 3,782,588</u>	<u>\$ 11,892,588</u>	<u>\$ 4,766</u>	<u>\$ 735,234</u>	<u>\$ 740,000</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$6,235,371 and an unvoted debt margin of \$405,659.

NOTE 8 - 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.

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% coinsured, to a limit of \$116,974,286.

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

The District has liability insurance coverage limits of \$2,000,000 per claim and \$5,000,000 annual aggregate.

The District offers group medical and dental insurance to all employees. Depending upon the plan chosen, the employees share a portion of the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 8 - RISK MANAGEMENT - (Continued)

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

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 10. As such, no funding provisions are required by the District.

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$494,282, \$490,103 and \$490,374, respectively; 84.55 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 9 - PENSION PLANS - (Continued)

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

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,925,894, \$1,929,502 and \$2,020,313, respectively; 84.60 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$95,396 made by the District and \$74,954 made by the plan members.

C. Social Security System

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

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$69,171, \$78,879 and \$75,693, respectively; 84.55 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$28,676, \$27,685 and \$28,959, respectively; 84.55 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$148,146, \$148,423 and \$155,409, respectively; 84.60 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the modified cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (modified cash basis).

The following table summarizes the adjustments necessary to reconcile the modified cash basis statement to the budgetary basis statement:

Net Change in Fund Balance

	<u>General fund</u>
Modified cash basis	\$ 396,733
Funds budgeted elsewhere **	(143,392)
Adjustment for encumbrances	(122,676)
Budget basis	<u>\$ 130,665</u>

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, uniform school supplies fund, public school support fund, adult education fund, the safety review fund, the special enterprise fund, the special levy fund, the underground storage tank fund and the EMIS fund.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 12 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 13 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 182,271
Permanent improvement	213,518
Nonmajor governmental	<u>35,814</u>
Total	<u>\$ 431,603</u>

NOTE 14 - STATUTORY RESERVES

The District is required by State law to annually set-aside certain general fund receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 14 - STATUTORY RESERVES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	441,421
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying disbursements	(274,810)
Excess qualified disbursements from prior years	-
Current year offsets	(331,421)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (164,810)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

Maumee City School District



**Single Audit Reports
June 30, 2014**

PLATTENBURG
Certified Public Accountants

**MAUMEE CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$75,305	\$0	\$75,305	\$0
National School Lunch Program	3L60	10.555	337,314	77,065	337,314	77,065
Total Nutrition Cluster			<u>412,619</u>	<u>77,065</u>	<u>412,619</u>	<u>77,065</u>
Total U.S. Department of Agriculture			<u>412,619</u>	<u>77,065</u>	<u>412,619</u>	<u>77,065</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	648,948	0	650,363	0
Total Special Education Cluster			<u>648,948</u>	<u>0</u>	<u>650,363</u>	<u>0</u>
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	406,103	0	404,927	0
Total Title I Cluster			<u>406,103</u>	<u>0</u>	<u>404,927</u>	<u>0</u>
Race to the Top - ARRA	3FD0	84.395	3,355	0	3,355	0
Improving Teacher Quality	3Y60	84.367	54,497	0	54,195	0
Total Department of Education			<u>1,112,903</u>	<u>0</u>	<u>1,112,840</u>	<u>0</u>
Total Federal Assistance			<u>\$1,525,522</u>	<u>\$77,065</u>	<u>\$1,525,459</u>	<u>\$77,065</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared using the cash basis of accounting.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Maumee City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District (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 November 17, 2014, wherein we noted the District presented financial statements on the modified cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America, as disclosed in Note 2.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
November 17, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Maumee City School District

Report on Compliance for Each Major Federal Program

We have audited the Maumee City School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated November 17, 2014, which contained unmodified opinions on those financial statements, wherein we noted the District presented financial statements on the modified cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America, as disclosed in Note 2. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 17, 2014

**MAUMEE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section I – Summary of Auditor’s Results

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were the any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Nutrition Cluster: School Breakfast Program -CFDA #10.553 National School Lunch Program -CFDA #10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding 2014–001 – Noncompliance – GAAP Reporting

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2014, the District prepared financial statements using the modified cash basis of accounting. Although formatted similar to GAAP basis financial statements, the District's modified cash basis financial statements and notes omit certain assets, liabilities, deferred inflows, deferred outflows, fund equities, and disclosures. The differences between the District's financial statements and GAAP basis financial statements cannot be reasonably determined but presumably such differences are material. Pursuant to Ohio Revised Code Section 117.38 the District may be fined and/or subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

District's Response:

The Board of Education believes the decision to prepare modified cash basis financial statements is in the best interest of the District. The Board has evaluated the cost-benefit relationship of preparing GAAP statements for the fiscal year ended June 30, 2014 and determined that the significant cost of compliance exceeds the benefit received.

Section III – Federal Award Findings and Questioned Costs

None

MAUMEE CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
JUNE 30, 2014

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Finding Corrected</u>	<u>Explanation</u>
2013-001	Ohio Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with GAAP.	No	The District prepared GASB 34 Look-Alike Statements pursuant to a cost- benefit analysis.

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Dave Yost • Auditor of State

MAUMEE CITY SCHOOL DISTRICT

LUCAS 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
JANUARY 06, 2015**