

**MAUMEE CITY SCHOOL DISTRICT**



**Basic Financial Statements – Modified Cash Basis  
June 30, 2015**

**PAUL BROTZKI, TREASURER**

**PLATTENBURG**  
Certified Public Accountants



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

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

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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 modified cash basis 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for 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 opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure 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, 2015, and the respective changes in modified cash financial position and the 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. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

## **Other Matters**

### *Other Information*

We applied no procedures to the Management's Discussion & Analysis or to the schedules of net pension liabilities and pension contributions listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 3, 2015

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

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

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, 2015, 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 2015 are as follows:

- The total net position of the District increased \$368,315 or 5.85% from fiscal year 2014.
- General cash receipts accounted for \$31,539,171 or 87.29% of total governmental activities cash receipts. Program specific cash receipts accounted for \$4,592,037 or 12.71% of total governmental activities cash receipts.
- The District had \$35,762,893 in cash disbursements related to governmental activities; \$4,592,037 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 \$31,539,171 were 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 \$30,098,168 in 2015. The cash disbursements and other financing uses of the general fund, totaled \$29,778,059 in 2015. The general fund's cash balance increased \$320,109 from 2014 to 2015.
- The debt service fund had cash receipts \$2,488,083 in 2014. The cash disbursements of the debt service fund, totaled \$2,377,112 in 2015. The debt service fund's cash balance increased \$110,971 from 2014 to 2015.
- The permanent improvement fund had cash receipts and other financing sources of \$836,872 in 2014. The cash disbursements of the permanent improvement fund, totaled \$971,382 in 2014. The permanent improvement fund's cash balance decreased \$134,510 from 2014 to 2015.

**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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**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 2015?" 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***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 21-49 of this report.

***Additional Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the District's net pension liability. The additional information can be found on pages 53-57 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, 2015 and June 30, 2014.

	<b>Change in Net Position</b>	
	Governmental Activities 2015	Governmental Activities 2014
<u>Assets</u>		
Equity in pooled cash and investments	\$ 6,669,486	\$ 6,301,171
Total assets	6,669,486	6,301,171
<u>Net Position</u>		
Restricted	2,288,661	2,340,455
Unrestricted	4,380,825	3,960,716
Total net position	\$ 6,669,486	\$ 6,301,171

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

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

The total net position of the District increased \$368,315, which represents a 5.85% increase from fiscal year 2014. The increase is due primarily to the increase in property tax and unrestricted grants and entitlement receipts during fiscal year 2015.

The balance of government-wide unrestricted net position of \$4,380,825 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net position for fiscal year 2015 and 2014.

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2015</u>	<u>2014</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 1,512,568	\$ 1,431,769
Operating grants and contributions	<u>3,079,469</u>	<u>2,987,537</u>
Total program cash receipts	<u>4,592,037</u>	<u>4,419,306</u>
General cash receipts:		
Property and other taxes	21,571,032	20,745,812
Unrestricted grants	9,731,091	9,262,489
Investment earnings	30,995	17,562
Other	<u>206,053</u>	<u>135,373</u>
Total general cash receipts	<u>31,539,171</u>	<u>30,161,236</u>
Total cash receipts	<u>36,131,208</u>	<u>34,580,542</u>

- Continued

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

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

**Change in Net Position (Continued)**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
<b>Cash Disbursements:</b>		
Instruction:		
Regular	\$ 15,245,644	\$ 14,689,264
Special	2,861,435	2,791,923
Vocational	112,723	112,984
Adult/continuing	12,130	175
Other	903,648	1,091,221
Support services:		
Pupil	1,430,208	1,472,250
Instructional staff	760,268	719,196
Board of education	48,376	34,692
Administration	2,806,524	2,565,067
Fiscal	797,980	788,105
Business	226,713	210,343
Operations and maintenance	3,202,370	3,033,185
Pupil transportation	1,288,279	1,024,116
Central	737,143	657,695
Operation of non instructional services:		
Other non-instructional services	591,040	488,017
Food service operations	815,130	861,125
Extracurricular	986,021	915,579
Facilities acquisition and construction	591,080	659,048
Debt service:		
Principal retirement	1,470,000	1,595,000
Interest and fiscal charges	<u>876,181</u>	<u>936,826</u>
Total cash disbursements	<u>35,762,893</u>	<u>34,645,811</u>
Change in net position	368,315	(65,269)
Net position at beginning of year	<u>6,301,171</u>	<u>6,366,440</u>
Net position at end of year	<u>\$ 6,669,486</u>	<u>\$ 6,301,171</u>

**Governmental Activities**

Governmental net position increased by \$368,315 in fiscal year 2015 from fiscal year 2014. The increase is mainly due to the increase in property tax and unrestricted grants and entitlement receipts. Total governmental cash disbursements of \$35,762,893 were offset by program cash receipts of \$4,592,037 and general cash receipts of \$31,539,171. Program receipts supported 12.84% 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 86.64% 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Cash disbursements:				
Instruction:				
Regular	\$ 15,245,644	\$ 14,372,292	\$ 14,689,264	\$ 13,882,797
Special	2,861,435	1,632,270	2,791,923	1,511,027
Vocational	112,723	102,298	112,984	107,944
Adult/continuing	12,130	11,470	175	(1,085)
Other	903,648	903,648	1,091,221	1,091,221
Support services:				
Pupil	1,430,208	1,427,011	1,472,250	1,462,014
Instructional staff	760,268	574,784	719,196	537,774
Board of education	48,376	48,376	34,692	34,692
Administration	2,806,524	2,800,465	2,565,067	2,510,726
Fiscal	797,980	797,980	788,105	788,105
Business	226,713	10,272	210,343	23,888
Operations and maintenance	3,202,370	3,005,576	3,033,185	2,941,742
Pupil transportation	1,288,279	1,237,781	1,024,116	969,532
Central	737,143	687,946	657,695	552,079
Operation of non instructional services:				
Other non-instructional services	591,040	(953)	488,017	(33,294)
Food service operations	815,130	20,649	861,125	56,157
Extracurricular	986,021	601,730	915,579	600,312
Facilities acquisition and construction	591,080	591,080	659,048	659,048
Debt service:				
Principal retirement	1,470,000	1,470,000	1,595,000	1,595,000
Interest and fiscal charges	876,181	876,181	936,826	936,826
<b>Total</b>	<b><u>\$ 35,762,893</u></b>	<b><u>\$ 31,170,856</u></b>	<b><u>\$ 34,645,811</u></b>	<b><u>\$ 30,226,505</u></b>

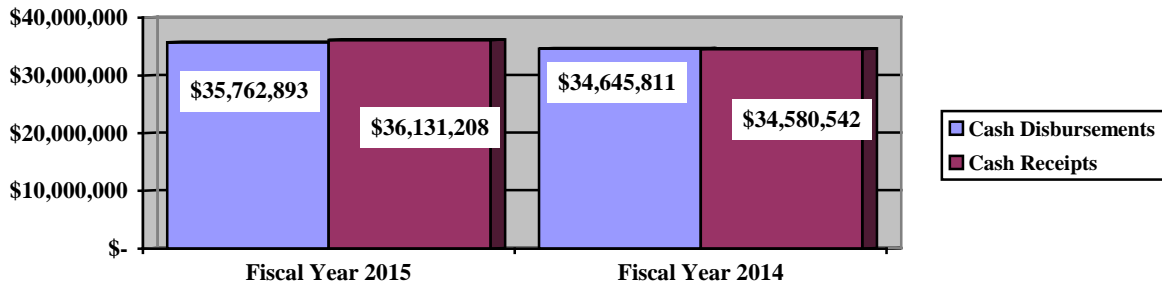
The dependence upon general cash receipts for governmental activities is apparent; with 87.16% of cash disbursements supported through taxes and other general cash receipts during 2015.

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

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

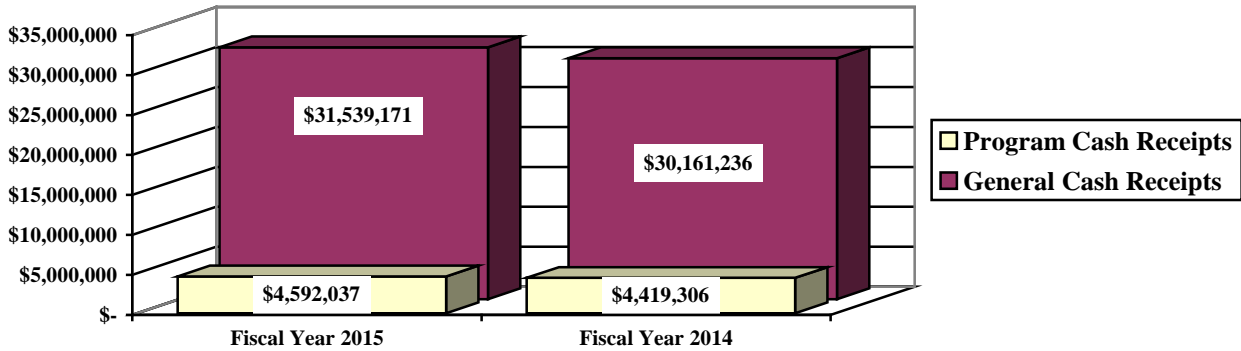
The graph below presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2015 and 2014.

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



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

**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 \$6,669,486, which is \$368,315 greater than last year's total of \$6,301,171. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and June 30, 2014, for all major and nonmajor governmental funds.

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

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

	<u>Fund Balance</u> <u>June 30, 2015</u>	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 4,180,825	\$ 3,860,716	\$ 320,109
Debt service	1,301,774	1,190,803	110,971
Permanent improvement	690,974	825,484	(134,510)
Other nonmajor governmental funds	<u>495,913</u>	<u>424,168</u>	<u>71,745</u>
Total	<u>\$ 6,669,486</u>	<u>\$ 6,301,171</u>	<u>\$ 368,315</u>

**General Fund**

The general fund, the District's largest major fund, had cash receipts and other financing sources of \$30,098,168 in 2015. The cash disbursements and other financing uses of the general fund, totaled \$29,778,059 in 2015. The general fund's fund balance increased \$320,109 from 2014 to 2015. Total general fund receipts increased 3.15% primarily due to a new 2.0 mill operating levy and an increase in State Foundation receipts. Total general fund disbursements increased a corresponding 3.50%

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 18,910,356	\$ 18,506,219	2.18 %
Tuition	286,554	343,429	(16.56) %
Earnings on investments	18,780	17,562	6.94 %
Classroom materials and fees	189,544	155,153	22.17 %
Intergovernmental	10,079,734	9,626,590	4.71 %
Other revenues	<u>581,094</u>	<u>498,956</u>	16.46 %
Total	<u>\$ 30,066,062</u>	<u>\$ 29,147,909</u>	3.15 %

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 18,298,549	\$ 17,801,627	2.79 %
Support services	10,617,840	10,151,151	4.60 %
Operation of non instruction	28,563	40,390	(29.28) %
Extracurricular	<u>708,107</u>	<u>658,008</u>	7.61 %
Total	<u>\$ 29,653,059</u>	<u>\$ 28,651,176</u>	3.50 %

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

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

***Debt Service Fund***

The debt service fund had cash receipts of \$2,488,083 in 2015. The cash disbursements of the debt service fund, totaled \$2,377,112 in 2015. The fund balance of the debt service fund increased \$110,971 from fiscal year 2014.

***Permanent Improvement Fund***

The permanent improvement fund had cash receipts and other financing sources of \$836,872 in 2015. The cash disbursements of the permanent improvement fund, totaled \$971,382 in 2014. The fund balance of the permanent improvement fund decreased \$134,510 from fiscal year 2014.

***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 2015, the District amended its general fund budget numerous times. For the general fund, original budgeted receipts and other financing sources were \$28,800,000, which were unchanged in the final budgeted receipts. Actual receipts and other financing sources for fiscal year 2015 were \$29,624,285. This represents a \$824,285 increase from final budgeted receipts.

General fund original appropriations (appropriated cash disbursements including other financing uses) of \$26,052,174 were increased to \$30,175,193 in the final appropriations. The actual budget basis disbursements for fiscal year 2015 totaled \$29,652,463, which was \$522,730 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, 2015 and 2014.

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
General obligation bonds	<u>\$ 30,426,671</u>	<u>\$ 31,738,332</u>
Total long-term obligations	<u>\$ 30,426,671</u>	<u>\$ 31,738,332</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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**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 (2.0 mills operating and 1.9 mills permanent improvement) dual purpose levy in November 2014, 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, 3<sup>rd</sup> 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. While State Foundation revenue is increasing per the newly enacted State biennium budget, the District will actually lose revenue of more than \$500,000 over the same time period due to the continuing reductions of the Commercial Activity Tax (CAT) payment/reimbursements.

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, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 6,669,486
Total assets. . . . .	6,669,486
 <b>Net position:</b>	
Restricted for:	
Capital projects . . . . .	490,974
Debt service. . . . .	1,301,774
Locally funded programs . . . . .	117,214
State funded programs. . . . .	24,424
Federally funded programs . . . . .	85,794
Student activities . . . . .	191,547
Other purposes . . . . .	76,934
Unrestricted . . . . .	4,380,825
Total net position. . . . .	\$ 6,669,486

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, 2015

	<b>Cash Disbursements</b>	<b>Program Cash Receipts</b>		<b>Net (Cash Disbursements) Cash Receipts and Changes In Net Position Governmental Activities</b>
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 15,245,644	\$ 371,110	\$ 502,242	\$ (14,372,292)
Special . . . . .	2,861,435	22,431	1,206,734	(1,632,270)
Vocational . . . . .	112,723	-	10,425	(102,298)
Adult/continuing. . . . .	12,130	660	-	(11,470)
Other . . . . .	903,648	-	-	(903,648)
Support services:				
Pupil. . . . .	1,430,208	-	3,197	(1,427,011)
Instructional staff . . . . .	760,268	1,196	184,288	(574,784)
Board of education . . . . .	48,376	-	-	(48,376)
Administration. . . . .	2,806,524	-	6,059	(2,800,465)
Fiscal. . . . .	797,980	-	-	(797,980)
Business. . . . .	226,713	216,441	-	(10,272)
Operations and maintenance . . . . .	3,202,370	107,442	89,352	(3,005,576)
Pupil transportation. . . . .	1,288,279	-	50,498	(1,237,781)
Central . . . . .	737,143	-	49,197	(687,946)
Operation of non-instructional services:				
Food service operations . . . . .	815,130	381,399	413,082	(20,649)
Other non-instructional services . . . . .	591,040	64,289	527,704	953
Extracurricular activities. . . . .	986,021	347,600	36,691	(601,730)
Facilities acquisition and construction. . . . .	591,080	-	-	(591,080)
Debt service:				
Principal retirement. . . . .	1,470,000	-	-	(1,470,000)
Interest and fiscal charges . . . . .	876,181	-	-	(876,181)
<b>Total governmental activities . . . . .</b>	<b>\$ 35,762,893</b>	<b>\$ 1,512,568</b>	<b>\$ 3,079,469</b>	<b>(31,170,856)</b>
 <b>General cash receipts:</b>				
Property taxes levied for:				
General purposes . . . . .				18,910,356
Debt service. . . . .				2,032,601
Capital outlay. . . . .				628,075
Grants and entitlements not restricted				
to specific programs . . . . .				9,731,091
Investment earnings . . . . .				30,995
Miscellaneous. . . . .				206,053
<b>Total general cash receipts. . . . .</b>				<b>31,539,171</b>
 Change in net position . . . . .				 368,315
 <b>Net position at beginning of year . . . . .</b>				 <b>6,301,171</b>
 <b>Net position at end of year . . . . .</b>				 <b>\$ 6,669,486</b>

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, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments. . . . .	\$ 4,180,825	\$ 1,301,774	\$ 690,974	\$ 495,913	\$ 6,669,486
Total assets . . . . .	<u>\$ 4,180,825</u>	<u>\$ 1,301,774</u>	<u>\$ 690,974</u>	<u>\$ 495,913</u>	<u>\$ 6,669,486</u>
<b>Fund balances:</b>					
Restricted:					
Debt service . . . . .	-	1,301,774	-	-	1,301,774
Capital improvements . . . . .	-	-	490,974	-	490,974
Food service operations . . . . .	-	-	-	76,934	76,934
Non-public schools . . . . .	-	-	-	15,424	15,424
Special education . . . . .	-	-	-	37,310	37,310
Targeted academic assistance . . . . .	-	-	-	48,484	48,484
Extracurricular. . . . .	-	-	-	191,547	191,547
Other purposes. . . . .	-	-	-	126,214	126,214
Committed:					
Capital improvements . . . . .	-	-	200,000	-	200,000
Other purposes. . . . .	11,000	-	-	-	11,000
Assigned:					
Student instruction . . . . .	102,699	-	-	-	102,699
Student and staff support. . . . .	401,449	-	-	-	401,449
Other purposes. . . . .	255,493	-	-	-	255,493
Unassigned . . . . .	<u>3,410,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,410,184</u>
Total fund balances . . . . .	<u>\$ 4,180,825</u>	<u>\$ 1,301,774</u>	<u>\$ 690,974</u>	<u>\$ 495,913</u>	<u>\$ 6,669,486</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, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>					
From local sources:					
Property taxes . . . . .	\$ 18,910,356	\$ 2,032,601	\$ 628,075	\$ -	\$ 21,571,032
Tuition. . . . .	286,554	-	-	-	286,554
Earnings on investments . . . . .	18,780	12,215	-	1,602	32,597
Charges for services . . . . .	-	-	-	344,060	344,060
Extracurricular. . . . .	1,685	-	-	140,156	141,841
Classroom materials and fees . . . . .	189,544	-	-	-	189,544
Other local revenues . . . . .	579,409	-	40,131	273,685	893,225
Intergovernmental - state . . . . .	10,079,734	443,267	68,666	620,311	11,211,978
Intergovernmental - federal . . . . .	-	-	-	1,453,271	1,453,271
Total cash receipts . . . . .	<u>30,066,062</u>	<u>2,488,083</u>	<u>736,872</u>	<u>2,833,085</u>	<u>36,124,102</u>
<b>Cash disbursements:</b>					
Current:					
Instruction:					
Regular. . . . .	14,792,165	-	2,205	451,274	15,245,644
Special . . . . .	2,477,883	-	-	383,552	2,861,435
Vocational . . . . .	112,723	-	-	-	112,723
Adult/continuing . . . . .	12,130	-	-	-	12,130
Other . . . . .	903,648	-	-	-	903,648
Support services:					
Pupil . . . . .	1,426,745	-	-	3,463	1,430,208
Instructional staff . . . . .	586,777	-	-	173,491	760,268
Board of education . . . . .	48,376	-	-	-	48,376
Administration . . . . .	2,795,141	-	-	11,383	2,806,524
Fiscal . . . . .	757,443	30,931	9,606	-	797,980
Business. . . . .	226,713	-	-	-	226,713
Operations and maintenance . . . . .	3,163,740	-	-	38,630	3,202,370
Pupil transportation . . . . .	919,788	-	368,491	-	1,288,279
Central . . . . .	693,117	-	-	44,026	737,143
Operation of non-instructional services:					
Food service operations. . . . .	-	-	-	815,130	815,130
Other non-instructional services. . . . .	28,563	-	-	562,477	591,040
Extracurricular activities. . . . .	708,107	-	-	277,914	986,021
Facilities acquisition and construction. . . . .	-	-	591,080	-	591,080
Debt service:					
Principal retirement. . . . .	-	1,470,000	-	-	1,470,000
Interest and fiscal charges . . . . .	-	876,181	-	-	876,181
Total cash disbursements . . . . .	<u>29,653,059</u>	<u>2,377,112</u>	<u>971,382</u>	<u>2,761,340</u>	<u>35,762,893</u>
Excess (deficiency) of cash receipts over (under) cash disbursements. . . . .	<u>413,003</u>	<u>110,971</u>	<u>(234,510)</u>	<u>71,745</u>	<u>361,209</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets. . . . .	7,106	-	-	-	7,106
Transfers in. . . . .	-	-	100,000	-	100,000
Transfers (out) . . . . .	(100,000)	-	-	-	(100,000)
Advances in . . . . .	25,000	-	-	25,000	50,000
Advances (out) . . . . .	(25,000)	-	-	(25,000)	(50,000)
Total other financing sources (uses) . . . . .	<u>(92,894)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>7,106</u>
Net change in fund balances . . . . .	320,109	110,971	(134,510)	71,745	368,315
<b>Fund balances at beginning of year . . . . .</b>	<u>3,860,716</u>	<u>1,190,803</u>	<u>825,484</u>	<u>424,168</u>	<u>6,301,171</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 4,180,825</u>	<u>\$ 1,301,774</u>	<u>\$ 690,974</u>	<u>\$ 495,913</u>	<u>\$ 6,669,486</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, 2015

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 18,384,183	\$ 18,384,183	\$ 18,910,356	\$ 526,173
Tuition. . . . .	277,939	277,939	285,894	7,955
Earnings on investments . . . . .	18,257	18,257	18,780	523
Classroom materials and fees . . . . .	52,975	52,975	54,491	1,516
Other local revenues . . . . .	201,039	201,039	206,793	5,754
Intergovernmental - state . . . . .	9,799,269	9,799,269	10,079,734	280,465
Total budgetary basis receipts . . . . .	<u>28,733,662</u>	<u>28,733,662</u>	<u>29,556,048</u>	<u>822,386</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	12,501,535	14,984,354	14,555,263	429,091
Special. . . . .	2,231,606	2,521,152	2,479,251	41,901
Vocational. . . . .	104,248	112,555	112,723	(168)
Adult/continuing . . . . .	45	165	160	5
Other. . . . .	986,400	902,000	903,648	(1,648)
Support services:				
Pupil. . . . .	1,376,725	1,474,822	1,437,795	37,027
Instructional staff . . . . .	499,876	532,993	522,152	10,841
Board of education . . . . .	32,014	49,630	48,447	1,183
Administration. . . . .	2,362,540	2,845,109	2,841,911	3,198
Fiscal . . . . .	691,753	760,930	759,882	1,048
Business . . . . .	44,384	55,087	37,793	17,294
Operations and maintenance. . . . .	2,739,342	3,176,655	3,206,255	(29,600)
Pupil transportation . . . . .	937,908	949,456	921,931	27,525
Central. . . . .	562,612	677,524	682,737	(5,213)
Other non-instructional services . . . . .	2,525	2,525	1,983	542
Extracurricular activities. . . . .	596,161	689,736	700,532	(10,796)
Total budgetary basis disbursements . . . . .	<u>25,669,674</u>	<u>29,734,693</u>	<u>29,212,463</u>	<u>522,230</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>3,063,988</u>	<u>(1,001,031)</u>	<u>343,585</u>	<u>1,344,616</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	35,126	35,126	36,131	1,005
Transfers (out). . . . .	(355,500)	(415,500)	(415,000)	500
Advances in. . . . .	24,304	24,304	25,000	696
Advances (out) . . . . .	(27,000)	(25,000)	(25,000)	-
Sale of capital assets . . . . .	6,908	6,908	7,106	198
Total other financing sources (uses) . . . . .	<u>(316,162)</u>	<u>(374,162)</u>	<u>(371,763)</u>	<u>2,399</u>
Net change in fund balance . . . . .	2,747,826	(1,375,193)	(28,178)	1,347,015
<b>Fund balance at beginning of year . . . . .</b>	<b>3,315,686</b>	<b>3,315,686</b>	<b>3,315,686</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>122,676</b>	<b>122,676</b>	<b>122,676</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 6,186,188</u></b>	<b><u>\$ 2,063,169</u></b>	<b><u>\$ 3,410,184</u></b>	<b><u>\$ 1,347,015</u></b>

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, 2015

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments. . . . .	\$ 163,801	\$ 32,512
Total assets. . . . .	\$ 163,801	\$ 32,512
<b>Net position:</b>		
Due to students. . . . .	\$ -	\$ 32,512
Held in trust for scholarships . . . . .	163,801	-
Total net position. . . . .	\$ 163,801	\$ 32,512

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, 2015

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 880
Gifts and contributions . . . . .	81,480
Total additions . . . . .	82,360
<b>Deductions:</b>	
Scholarships awarded . . . . .	33,630
Change in net position . . . . .	48,730
<b>Net position at beginning of year . . . . .</b>	<b>115,071</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 163,801</b>

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, 2015**

**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 19 administrators, 129 non-certified and 184 certified full-time and part-time employees to provide services to approximately 2,600 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, 2015

**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 \$103,797. 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 2015. 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, 2015

**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, 2015

**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, 2015

**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 2015.

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

**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 2015, 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 2015. 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, 2015.

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 2015 amounted to \$18,780, which includes \$852 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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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 2015.

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

**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.

**Q. Pensions**

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



**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 effected the District's pension plan disclosures, as presented in Note 9 to the financial statements.

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

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

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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.

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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”.

**B. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$3,913,985. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, \$3,894,735 of the District’s bank balance of \$4,394,735 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, 2015, the District had the following investments and maturities:

Investment type	Carrying value	Investment maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FNMA	\$ 623,223	\$ 313,084	\$ -	\$ 310,139	\$ -	\$ -
Negotiable CDs	2,152,021	270,000	125,000	500,504	576,132	680,385
U.S. Government money market fund	5,346	5,346	-	-	-	-
STAR Ohio	162,134	162,134	-	-	-	-
<b>Total</b>	<b>\$ 2,942,724</b>	<b>\$ 750,564</b>	<b>\$ 125,000</b>	<b>\$ 810,643</b>	<b>\$ 576,132</b>	<b>\$ 680,385</b>

The weighted average maturity of investments is 1.34 years.

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

*Credit Risk:* STAR Ohio 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.

*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, 2015:

<u>Investment type</u>	<u>Carrying value</u>	<u>% of total</u>
FNMA	\$ 623,223	21.18
Negotiable CDs	2,152,021	73.13
U.S. Government money market fund	5,346	0.18
STAR Ohio	<u>162,134</u>	<u>5.51</u>
Total	<u>\$ 2,942,724</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, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,913,985
Investments	2,942,724
Cash on hand	<u>9,090</u>
Total	<u>\$ 6,865,799</u>

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,669,486
Private-purpose trust fund	163,801
Agency fund	<u>32,512</u>
Total	<u>\$ 6,865,799</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the year ended June 30, 2015 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>

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 2015, advances consisted of \$25,000 from the general fund to nonmajor governmental funds. During fiscal year 2015, \$25,000 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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

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

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, 2015, are available to finance fiscal year 2015 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.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 405,658,860	97.65	\$ 400,259,520	97.57
Public utility personal	<u>9,544,240</u>	<u>2.35</u>	<u>9,975,540</u>	<u>2.43</u>
Total	<u>\$ 415,203,100</u>	<u>100.00</u>	<u>\$ 410,235,060</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 84.95		\$ 88.75	

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2015, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2015</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds:</u>					
Series 2011 refunding bonds					
Current interest bonds	\$ 8,305,000	\$ -	\$ (165,000)	\$ 8,140,000	\$ 165,000
Capital appreciation bonds	339,995	-	-	339,995	-
Accreted interest	196,370	110,671	-	307,041	-
Series 2012 refunding bonds					
Current interest bonds	8,605,000	-	(90,000)	8,515,000	95,000
Capital appreciation bonds	134,968	-	-	134,968	-
Accreted interest	75,099	45,042	-	120,141	-
Series 2013A - current interest	1,155,000	-	(70,000)	1,085,000	75,000
Series 2013B refunding bonds					
Current interest bonds	8,110,000	-	(40,000)	8,070,000	40,000
Capital appreciation bonds	4,766	-	-	4,766	-
Accreted interest	2,134	2,626	-	4,760	-
Series 2013C refunding bonds					
Current interest bonds	<u>4,810,000</u>	<u>-</u>	<u>(1,105,000)</u>	<u>3,705,000</u>	<u>1,150,000</u>
Total long-term obligations governmental activities	<u>\$ 31,738,332</u>	<u>\$ 158,339</u>	<u>\$ (1,470,000)</u>	<u>\$ 30,426,671</u>	<u>\$ 1,525,000</u>

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, 2015, \$30,050,000 of this debt was still outstanding.

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

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, 2015, 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 \$307,041 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, 2015, 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 \$120,141 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.

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.



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**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

At June 30, 2015, 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 \$4,760 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, 2015, 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.

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

Fiscal Year Ended	2011 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	-	108,013	108,013	339,995	1,165,005	1,505,000
2021 - 2023	4,625,000	167,657	4,792,657	-	-	-
Total	<u>\$ 8,140,000</u>	<u>\$ 898,069</u>	<u>\$ 9,038,069</u>	<u>\$ 339,995</u>	<u>\$ 1,165,005</u>	<u>\$ 1,505,000</u>

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

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ended	2012 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	100,000	239,194	339,194	-	-	-
2021 - 2025	2,655,000	1,118,077	3,773,077	134,968	1,195,032	1,330,000
2026 - 2028	5,375,000	230,025	5,605,025	-	-	-
<b>Total</b>	<b>\$ 8,515,000</b>	<b>\$ 2,563,621</b>	<b>\$ 11,078,621</b>	<b>\$ 134,968</b>	<b>\$ 1,195,032</b>	<b>\$ 1,330,000</b>

Fiscal Year Ended	2013A General Obligation Bonds			2013C Advance Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	80,000	17,850	97,850	-	55,950	55,950
2021 - 2025	420,000	62,825	482,825	-	279,750	279,750
2026 - 2030	280,000	11,156	291,156	1,595,000	200,325	1,795,325
<b>Total</b>	<b>\$ 1,085,000</b>	<b>\$ 178,781</b>	<b>\$ 1,263,781</b>	<b>\$ 3,705,000</b>	<b>\$ 860,575</b>	<b>\$ 4,565,575</b>

Fiscal Year Ended	2013B Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	40,000	234,425	274,425	-	-	-
2021 - 2025	225,000	1,157,863	1,382,863	-	-	-
2026 - 2030	2,815,000	1,060,225	3,875,225	4,766	735,234	740,000
2031 - 2032	4,830,000	145,950	4,975,950	-	-	-
<b>Total</b>	<b>\$ 8,070,000</b>	<b>\$ 3,544,163</b>	<b>\$ 11,614,163</b>	<b>\$ 4,766</b>	<b>\$ 735,234</b>	<b>\$ 740,000</b>

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

**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, 2015, are a voted debt margin of \$8,228,200 and an unvoted debt margin of \$410,235.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage, 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 \$125,341,517.

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.

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 2014.

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.

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

**NOTE 9 - PENSION PLANS**

***Net Pension Liability***

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

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

Age and service requirements for retirement are as follows:

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

**NOTE 9 - PENSION PLANS - (Continued)**

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$552,364 for fiscal year 2015.

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

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS Ohio. 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 includes financial statements, required supplementary information and detailed information about STRS Ohio's fiduciary net position. That report can 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 Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

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

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS Ohio was \$2,075,739 for fiscal year 2015.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - PENSION PLANS - (Continued)**

***Net Pension Liability***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS Ohio	Total
Proportionate share of the net pension liability	\$6,684,443	\$34,909,498	\$41,593,941
Proportion of the net pension liability	0.132079%	0.1435219%	

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

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

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**NOTE 9 - PENSION PLANS - (Continued)**

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

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

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

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

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

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
District's proportionate share of the net pension liability	\$9,536,714	\$6,684,443	\$4,285,437



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

**NOTE 9 - PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS Ohio*

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

**NOTE 9 - PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$49,976,752	\$34,909,498	\$22,167,671

**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 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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

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

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required 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 2015, 0.82 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 2015, the actuarially determined amount was \$20,450.

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, 2015, 2014 and 2013 were \$98,206, \$69,171 and \$78,879, respectively; 92.61 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$29,196, \$28,676 and \$27,685, respectively; 92.61 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$148,146 and \$148,423, respectively; 100 percent has been contributed for fiscal years 2014 and 2013.

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

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

**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	\$ 320,109
Funds budgeted elsewhere **	(64,459)
Adjustment for encumbrances	(283,828)
Budget basis	\$ (28,178)

\*\* 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.

**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.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a future receipt or future expenditure of the District that is related to the current fiscal year.

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

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

**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>	Year-End <u>Encumbrances</u>
General fund	\$ 420,880
Permanent improvement	377,702
Nonmajor governmental	<u>99,501</u>
Total	<u>\$ 898,083</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.

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, 2014	\$ -
Current year set-aside requirement	438,133
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying disbursements	(379,306)
Excess qualified disbursements from prior years	-
Current year offsets	(736,871)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (678,044)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

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ADDITIONAL INFORMATION

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

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

LAST TWO FISCAL YEARS\*  
(UNAUDITED)

	2015	2014
District's proportion of the net pension liability	0.13207900%	0.13207900%
District's proportionate share of the net pension liability	\$ 6,684,443	\$ 7,854,314
District's covered-employee payroll	\$ 3,945,457	\$ 3,837,950
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.42%	204.65%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

\* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

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

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

LAST TWO FISCAL YEARS\*  
(UNAUDITED)

	2015	2014
District's proportion of the net pension liability	0.14352192%	0.14352192%
District's proportionate share of the net pension liability	\$ 34,909,498	\$ 41,583,966
District's covered-employee payroll	\$ 14,826,707	\$ 14,663,979
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.45%	283.58%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

\* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

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

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

LAST TWO FISCAL YEARS  
(UNAUDITED)

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 552,364	\$ 537,313
Contributions in relation to the contractually required contribution	(552,364)	(537,313)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 3,945,457	\$ 3,837,950
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

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

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

**LAST TWO FISCAL YEARS  
(UNAUDITED)**

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 2,075,739	\$ 2,052,957
Contributions in relation to the contractually required contribution	<u>(2,075,739)</u>	<u>(2,052,957)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,826,707	\$ 14,663,979
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

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

**NOTES TO ADDITIONAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.