



Dave Yost • Auditor of State

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wayne Trace Local School District
Paulding County
4915 U.S. Highway 127
Haviland, Ohio 45851-9738

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Trace Local School District, Paulding County, Ohio (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 preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the 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 the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Trace Local School District, Paulding County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 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 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

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

Other Information

We applied no procedures to Management's Discussion and Analysis, or to the schedules of net pension liabilities and pension contributions as 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 January 19, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 19, 2015

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**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

The management's discussion and analysis of the Wayne Trace Local 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 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 cash-basis 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 \$45,875 or 0.46% from fiscal year 2014.
- General cash receipts accounted for \$10,077,614 or 79.18% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,649,712 or 20.82% of total governmental activities cash receipts.
- The District had \$12,681,451 in cash disbursements related to governmental activities; \$2,649,712 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$10,077,614 were adequate to provide for these programs.
- The District's major funds are the General Fund and Bond Retirement Fund. The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$10,857,079 in fiscal year 2015. The cash disbursements and other financing uses of the General Fund, totaled \$10,505,651 in fiscal year 2015. The General Fund's cash balance increased \$351,428 from 2014 to 2015.
- The Bond Retirement Fund, a District major fund, had cash receipts of \$416,235 in 2015. The Bond Retirement Fund had cash disbursements of \$401,720 in 2015. The Bond Retirement Fund's balance increased \$14,515 from 2014 to 2015.

Using this 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 cash basis of accounting.

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's 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, there are two major governmental funds. The General Fund is the largest major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2015?" These statements include *only net position* using the

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

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 the net position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the 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 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 cash basis of accounting.

In the statement of net position - cash basis and the statement of activities - 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.

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. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 Bond Retirement Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the 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 cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund is presented to demonstrate the District's compliance with annually

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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adopted budgets.

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.

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.

Government-Wide Financial Analysis

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

The table below provides a summary of the District's net position at June 30, 2015 and June 30, 2014.

	Net Position	
	Governmental Activities 2015	Governmental Activities 2014
<u>Assets</u>		
Equity in pooled cash and investments	\$ 9,919,315	\$ 9,873,440
Total assets	9,919,315	9,873,440
<u>Net Position</u>		
Restricted	1,635,265	1,674,379
Unrestricted	8,284,050	8,199,061
Total net position	\$ 9,919,315	\$ 9,873,440

The total net position of the District increased \$45,875, which represents a 0.46% increase over fiscal year 2014. This increase is the result of an overall increase in property tax and income tax receipts. These cash receipts were adequate to cover cash disbursements which increased.

A portion of the District's net cash position, \$1,635,265, represents resources that are subject to external restriction on how they may be used. The balance of government-wide unrestricted net position of \$8,284,050 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.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

	Change in Net Position	
	Governmental Activities 2015	Governmental Activities 2014
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,165,353	\$ 1,051,499
Operating grants and contributions	1,484,359	1,669,816
Capital grants and contributions		7,023
	<u>2,649,712</u>	<u>2,728,338</u>
 Total program cash receipts		
General cash receipts:		
Property taxes	3,968,102	3,855,204
Income taxes	1,430,608	1,541,267
Unrestricted grants	4,558,621	4,772,041
Investment earnings	69,537	49,392
Miscellaneous	50,746	96,631
	<u>10,077,614</u>	<u>10,314,535</u>
 Total general cash receipts		
 Total cash receipts	<u>\$ 12,727,326</u>	<u>\$ 13,042,873</u>

- Continued

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

Change in Net Position (Continued)

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Cash Disbursements:		
Instruction:		
Regular	\$ 5,148,016	\$ 5,243,298
Special	1,396,530	1,201,306
Vocational	143,786	138,070
Other	99,148	81,327
Support services:		
Pupil	480,396	481,723
Instructional staff	530,533	415,949
Board of education	37,979	31,439
Administration	818,620	817,797
Fiscal	333,293	309,253
Operations and maintenance	1,141,004	1,086,860
Pupil transportation	689,851	657,930
Central	8,463	7,248
Operation of non-instruction services:		
Food service	496,483	451,361
Extracurricular	611,068	588,811
Facilities acquisition and construction	29,381	41,544
Debt service:		
Principal retirement	624,810	542,453
Interest and fiscal charges	92,090	92,970
Intergovernmental	<u> </u>	<u>31,006</u>
 Total cash disbursements	 <u>12,681,451</u>	 <u>12,220,345</u>
 Change in net position	 45,875	 822,528
Net position at beginning of year	<u>9,873,440</u>	<u>9,050,912</u>
Net position at end of year	<u>\$ 9,919,315</u>	<u>\$ 9,873,440</u>

Governmental Activities

Governmental net position increased by \$45,875 in 2015 from 2014. Total governmental disbursements of \$12,681,451 were offset by program receipts of \$2,649,712 and general receipts of \$10,077,614. Program revenues supported 20.89% of the total governmental expenses.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 78.24% of total governmental receipts. Real estate property is reappraised every six years.

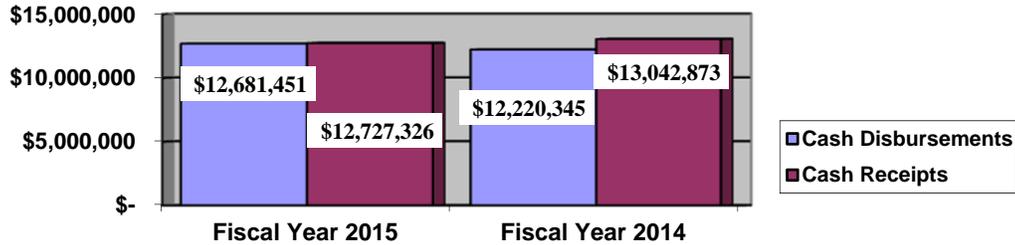
Program receipts of the District decreased \$78,626. General receipts decreased \$236,921 or 2.30%. This decrease is due to a decrease in unrestricted grants and entitlements due to a decrease in State foundation payments. Disbursements of the District increased \$461,106 or 3.77%.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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The largest cash disbursement of the District is for instructional programs. Instruction disbursements totaled \$6,787,480 or 53.52% of total governmental disbursements for fiscal year 2015.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



Governmental Activities

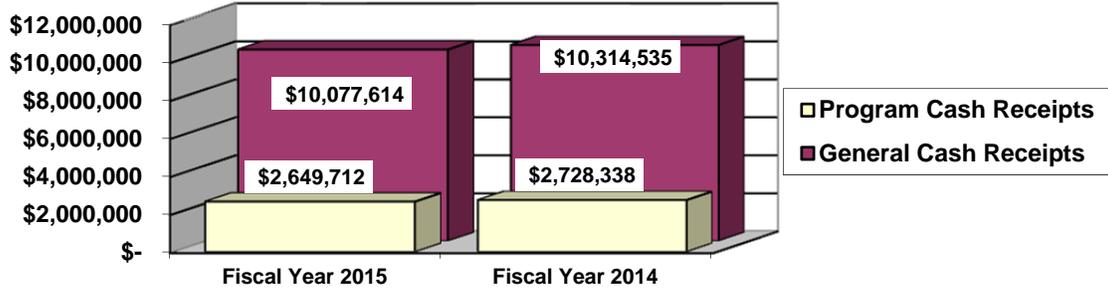
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Cash disbursements:				
Instruction:				
Regular	\$ 5,148,016	\$ 4,378,046	\$ 5,243,298	\$ 4,140,916
Special	1,396,530	410,929	1,201,306	477,634
Vocational	143,786	120,438	138,070	119,544
Other	99,148	27,616	81,327	10,647
Support services:				
Pupil	480,396	480,396	481,723	481,723
Instructional staff	530,533	517,746	415,949	397,518
Board of education	37,979	37,979	31,439	31,439
Administration	818,620	808,149	817,797	798,591
Fiscal	333,293	320,143	309,253	260,586
Operations and maintenance	1,141,004	1,107,835	1,086,860	1,084,225
Pupil transportation	689,851	679,475	657,930	647,781
Central	8,463	8,463	7,248	7,248
Operation of non-instruction services:				
Food service operations	496,483	68,387	451,361	42,877
Extracurricular	611,068	319,856	588,811	313,660
Facilities acquisition and construction	29,381	29,381	41,544	41,544
Debt service:				
Principal retirement	624,810	624,810	542,453	542,453
Interest and fiscal charges	92,090	92,090	92,970	92,970
Intergovernmental			31,006	651
Total	\$ 12,681,451	\$ 10,031,739	\$ 12,220,345	\$ 9,492,007

The dependence upon general cash receipts for governmental activities is apparent; with 79.11% of cash disbursements supported through taxes and other general cash receipts during 2015.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the District'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 cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$9,919,315, which is \$45,875 above last year's total of \$9,873,440. 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.

	<u>Fund Balance June 30, 2015</u>	<u>Fund Balance June 30, 2014</u>	<u>Change</u>
Major funds:			
General	\$ 7,472,449	\$ 7,121,021	\$ 351,428
Bond retirement	1,003,911	989,396	14,515
Permanent Improvement		1,078,040	(1,078,040)
Other nonmajor governmental funds	<u>1,442,955</u>	<u>684,983</u>	<u>757,972</u>
Total	<u>\$ 9,919,315</u>	<u>\$ 9,873,440</u>	<u>\$ 45,875</u>

General Fund

The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$10,857,079 in 2015. The cash disbursements and other financing uses of the general fund, totaled \$10,505,651 in 2015. The General Fund's fund balance increased \$351,428 from 2014 to 2015.

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

	<u>2015 Amount</u>	<u>2014 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 5,002,263	\$ 4,915,640	1.76 %
Tuition	601,140	512,518	17.29 %
Earnings on investments	62,356	44,114	41.35 %
Other local revenues	127,025	162,603	(21.88) %
Intergovernmental - state and federal	<u>4,992,607</u>	<u>5,065,388</u>	(1.44) %
Total	<u>\$ 10,785,391</u>	<u>\$ 10,700,263</u>	0.80 %

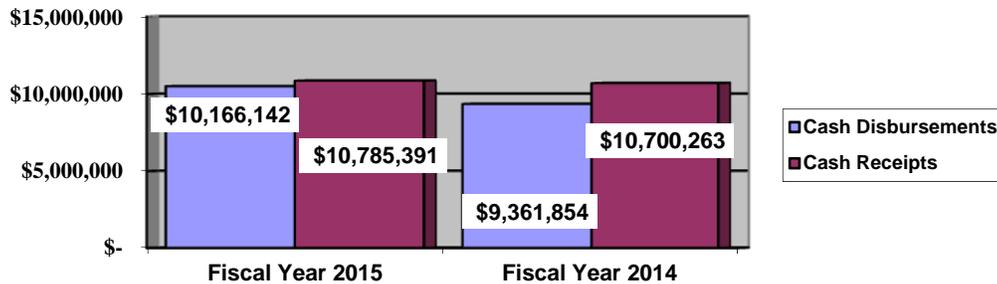
Receipts of the General Fund increased \$85,128 or .80%. Property and income taxes increased \$86,623 or 1.76%. This increase is due to an increase in property tax collections due primarily to wind turbine farms in the District and an increase in assessed values and an increase in income tax collections due to the rebounding economy. Tuition revenue for the district increased \$88,622 or 17.29%.

The table that follows assists in illustrating the expenditures of the General Fund.

	<u>2015 Amount</u>	<u>2014 Amount</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 5,833,979	\$ 5,360,957	8.82 %
Support services	3,717,456	3,480,872	6.80 %
Extracurricular	289,897	277,572	4.44 %
Debt service	<u>324,810</u>	<u>242,453</u>	33.97 %
Total	<u>\$ 10,166,142</u>	<u>\$ 9,361,854</u>	8.59 %

Disbursements of the General Fund increased \$804,288. This increase is primarily due to an increase in instruction and support services disbursements. Instruction and support services disbursements increased \$709,606 or 8.03% due primarily to increase in benefits and material and supplies disbursements.

General Fund - Total Cash Receipts vs. Total Cash Disbursements



Bond Retirement Fund

The Bond Retirement Fund, a District major fund, had cash receipts of \$416,235 in 2015. The Bond

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Retirement Fund had cash disbursements of \$401,720 in 2015. The Bond Retirement Fund's cash balance increased \$14,515 from 2014 to 2015. This increase can be attributed mainly to property tax collections exceeded the scheduled principal and interest payments during the year.

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.

For the General Fund, final budget basis receipts and other financing sources of \$10,860,279 were increased from the original budget estimates of \$10,586,818. Actual cash receipts and other financing sources of \$10,928,779 were more than final budget estimates by \$68,500. The final budget basis disbursements and other financing uses of \$10,670,789 were \$592,734 more than original budget estimates. The actual budgetary basis disbursements and other financing uses of \$10,541,814 were \$128,975 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$29,381 during fiscal year 2015.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2015 and 2014:

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
2001 school improvement bonds		
Capital appreciation bonds		\$ 65,367
Accreted interest		168,340
2010 refunding bonds		
Current interest serial bonds	\$ 2,840,000	2,895,000
Capital appreciation bonds	139,993	139,993
Accreted interest	324,575	219,385
Judgment loan payable	<u>2,314,602</u>	<u>2,639,412</u>
Total	<u>\$ 5,619,170</u>	<u>\$ 6,127,497</u>

Economic Factors

The District, like all other taxing entities in the State of Ohio, faces the uncertainty of the economy. The District's operating receipts are composed primarily of property taxes, local income tax, and state

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
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foundation funding. With a weak economy, these receipts can fluctuate in great amounts from year to year.

As for disbursements, the District faces continued increases in the cost of health care for its employees. The District also faces an ever increasing number of children requiring special education and services. Charges to provide these services increase every year.

Current Issues

As the preceding information shows, the District relies heavily on its local taxpayers. Wayne Trace has been blessed with strong voter support as seen with the passage of a .75% income tax renewal in 2010 and a .50% continuing income tax passed in 2004. The .75% income tax renewal was back on for voter approval in November 2015 and passed. It is very important to the district to renew the .75% for five years to retain the educational services that are currently being provided.

During calendar year 2013 Paulding County experienced an update of all real property. Increases in CAUV values of farm land caused fiscal year 2014 and fiscal year 2015 collections to increase as farm ground values were updated. The local income tax has generated more income during fiscal year 2015 due to the economy recovering. The District has also been receiving revenue from the Wind Turbine farms that are located throughout the District. These revenue streams have helped to sustain the District when State funding has not increased. State funding is reliant on student enrollment and it appears at this time the enrollment for fiscal year 2016 will be comparable to fiscal year 2015.

Expenditures for the district have not decreased. The Board of Education believes strongly in maintaining all facilities, so maintenance cost will continue to increase as our buildings age. Cost continue to rise for services that are required for our special needs population. Medical benefits for employees is continuing to rise. In fiscal year 2016, the District will see a 25% increase in medical premiums.

As the District looks to the future, the Board of Education plans to give relief to the tax payers by reducing one mill from the bond millage that is in existence from the OFCC building project that added and renovated square footage at all three buildings, since the .75% income tax renewal was approved in November 2015. This will be savings to the \$100,000.00 home owner of \$31.50 annually. The renewal of the .75% income tax levy will allow the district to continue to offer the educational services that it is currently offering. Also the State passed a new biennium budget, effective July 1, 2015 that shows per pupil funding increasing. At this time the district's financial outlook is positive. The Board of Education is committed to sustaining that outlook by sound financial management.

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 any questions about this report or need additional financial information, contact the Treasurer's office at the Wayne Trace Local School District, 4915 U.S. 127, Haviland, Ohio 45851-9738.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$9,919,315
Net Position:	
Restricted for:	
Capital Projects	\$320
Classroom Facilities Maintenance	569,963
Debt Service	1,003,911
Locally Funded Programs	3,406
State Funded Programs	1,553
Student Activities	55,591
Other Purposes	521
Unrestricted	8,284,050
<i>Total Net Position</i>	<i>\$9,919,315</i>

See Accompanying Notes to the Basic Financial Statements

WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Disbursements	Program Receipts		Net (Disbursement)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$5,148,016	\$653,438	\$116,532	(\$4,378,046)
Special	1,396,530		985,601	(410,929)
Vocational	143,786	737	22,611	(120,438)
Other	99,148		71,532	(27,616)
Support Services:				
Pupil	480,396			(480,396)
Instructional Staff	530,533		12,787	(517,746)
Board of Education	37,979			(37,979)
Administration	818,620	10,471		(808,149)
Fiscal	333,293		13,150	(320,143)
Operations and Maintenance	1,141,004	75	33,094	(1,107,835)
Pupil Transportation	689,851		10,376	(679,475)
Central	8,463			(8,463)
Operation of Non-Instructional Services:				
Food Service Operations	496,483	209,420	218,676	(68,387)
Extracurricular Activities	611,068	291,212		(319,856)
Facilities Acquisition and Construction	29,381			(29,381)
Debt Service:				
Principal Retirement	624,810			(624,810)
Interest and Fiscal Charges	92,090			(92,090)
Total Governmental Activities	\$12,681,451	\$1,165,353	\$1,484,359	(10,031,739)
General Receipts:				
Property Taxes:				
				3,571,655
				350,697
				45,750
Income Taxes Levied for:				
				1,430,608
				4,558,621
				69,537
				50,746
				<u>10,077,614</u>
				Change in Net Position 45,875
				<u>Net Position at Beginning of Year 9,873,440</u>
				<u>Net Position at End of Year \$9,919,315</u>

See Accompanying Notes to the Basic Financial Statements

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Investments	\$7,472,449	\$1,003,911	\$1,442,955	\$9,919,315
Fund Balances:				
Restricted:				
Debt Service		\$1,003,911		\$1,003,911
Capital Improvements			\$320	320
Classroom Facilities Maintenance			569,963	569,963
Food Service Operations			521	521
Non-public Schools			1,553	1,553
Other Purposes			3,406	3,406
Extracurricular Activities			55,591	55,591
Assigned:				
Student Instruction	\$3,110			3,110
Student and Staff Support	32,161			32,161
Capital Improvements			811,601	811,601
Other Purposes	636			636
Unassigned	7,436,542			7,436,542
Total Fund Balances	\$7,472,449	\$1,003,911	\$1,442,955	\$9,919,315

See Accompanying Notes to the Basic Financial Statements

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
From Local Sources:				
Property Taxes	\$3,571,655	\$350,697	\$45,750	\$3,968,102
Income Taxes	1,430,608			1,430,608
Tuition	601,140			601,140
Earnings on Investments	62,356	7,181	280	69,817
Charges for Services			209,420	209,420
Extracurricular	23,907		277,776	301,683
Classroom Materials and Fees	53,035			53,035
Rental Income	75			75
Contributions and Donations	500		1,155	1,655
Other Local Revenues	49,508	38	1,354	50,900
Intergovernmental - intermediate			25,000	25,000
Intergovernmental - state	4,992,607	58,319	116,780	5,167,706
Intergovernmental - federal			848,185	848,185
Total Receipts	<u>10,785,391</u>	<u>416,235</u>	<u>1,525,700</u>	<u>12,727,326</u>
Disbursements:				
Current:				
Instruction:				
Regular	4,819,084		328,932	5,148,016
Special	854,631		541,899	1,396,530
Vocational	143,786			143,786
Other	16,478		82,670	99,148
Support Services:				
Pupil	480,396			480,396
Instructional Staff	506,957		23,576	530,533
Board of Education	37,979			37,979
Administration	818,620			818,620
Fiscal	303,415	9,630	20,248	333,293
Operations and Maintenance	968,621		172,383	1,141,004
Pupil Transportation	593,005		96,846	689,851
Central	8,463			8,463
Operation of Non-Instructional Services:				
Food Service Operations			496,483	496,483
Extracurricular Activities	289,897		321,171	611,068
Facilities Acquisition and Construction			29,381	29,381
Debt Service:				
Principal Retirement	324,810	300,000		624,810
Interest and Fiscal Charges		92,090		92,090
Total Disbursements	<u>10,166,142</u>	<u>401,720</u>	<u>2,113,589</u>	<u>12,681,451</u>
Excess (Deficiency) of Receipts Over (Under)				
Disbursements	<u>619,249</u>	<u>14,515</u>	<u>(587,889)</u>	<u>45,875</u>
Other Financing Sources (Uses):				
Transfers In			257,509	257,509
Transfers (Out)	(257,509)			(257,509)
Advances In	71,688		82,000	153,688
Advances (Out)	(82,000)		(71,688)	(153,688)
Total Other Financing Sources (Uses)	<u>(267,821)</u>		<u>267,821</u>	
Net Change in Fund Balances	351,428	14,515	(320,068)	45,875
Fund Balances at Beginning of Year	<u>7,121,021</u>	<u>989,396</u>	<u>1,763,023</u>	<u>9,873,440</u>
Fund Balances at End of Year	<u>\$7,472,449</u>	<u>\$1,003,911</u>	<u>\$1,442,955</u>	<u>\$9,919,315</u>

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
From Local Sources:				
Property Taxes	\$3,485,990	\$3,576,034	\$3,571,655	(\$4,379)
Income Taxes	1,394,585	1,430,608	1,430,608	
Tuition	540,144	554,096	601,140	47,044
Earnings on Investments	49,228	50,500	62,356	11,856
Classroom Materials and Fees	62,388	64,000	52,839	(11,161)
Rental Income			75	75
Other Local Revenues	49,534	50,813	49,348	(1,465)
Intergovernmental - State	4,858,570	4,984,068	4,992,607	8,539
Total Receipts	<u>10,440,439</u>	<u>10,710,119</u>	<u>10,760,628</u>	<u>50,509</u>
Disbursements:				
Current:				
Instruction:				
Regular	4,457,687	4,832,138	4,753,461	78,677
Special	842,788	856,692	856,692	
Vocational	141,459	143,786	143,786	
Other	10,457	16,478	16,478	
Support services:				
Pupil	416,892	480,396	480,396	
Instructional Staff	391,519	511,582	511,582	
Board of Education	35,441	54,059	38,679	15,380
Administration	803,738	785,591	785,591	
Fiscal	267,333	303,515	303,515	
Operations and Maintenance	945,735	974,893	974,893	
Pupil Transportation	598,004	593,005	593,005	
Central	8,978	8,463	8,463	
Extracurricular Activities	302,131	277,498	277,498	
Debt Service:				
Principal	324,810	324,810	324,810	
Total Disbursements	<u>9,546,972</u>	<u>10,162,906</u>	<u>10,068,849</u>	<u>94,057</u>
Excess of Receipts Over Disbursements	<u>893,467</u>	<u>547,213</u>	<u>691,779</u>	<u>144,566</u>
Other Financing Sources (Uses):				
Refund of Prior Year's Expenditures	48,741	50,000	81,220	31,220
Transfers In				
Transfers (Out)	(504,941)	(410,800)	(375,882)	34,918
Advances In	97,482	100,000	86,771	(13,229)
Advances (Out)	(26,142)	(97,083)	(97,083)	
Sale of Capital Assets	156	160	160	
Total Other Financing Sources (Uses)	<u>(384,704)</u>	<u>(357,723)</u>	<u>(304,814)</u>	<u>52,909</u>
Net Change in Fund Balance	508,763	189,490	386,965	197,475
Fund Balance at Beginning of Year	6,964,463	6,964,463	6,964,463	
Prior Year Encumbrances Appropriated	84,548	84,548	84,548	
Fund Balance at End of Year	<u>7,557,774</u>	<u>7,238,501</u>	<u>\$7,435,976</u>	<u>\$197,475</u>

See Accompanying Notes to the Basic Financial Statements

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2015**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in Pooled Cash and Investments	\$42,469	\$48,334
Liabilities:		
Current Liabilities:		
Undistributed Monies		\$48,334
Net Position:		
Scholarships	\$42,469	

See Accompanying Notes to the Basic Financial Statements

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$604
Gifts and contributions	4,662
Total Additions	5,266
Deductions:	
Scholarships Awarded	2,574
Change in Net Position	2,692
Net Position at Beginning of Year	39,777
Net Position at End of Year	\$42,469

See Accompanying Notes to the Basic Financial Statements

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**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Wayne Trace Local District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1971. The District serves an area of approximately 178 square miles consisting of the Villages of Payne and Grover Hill, and portions of Benton, Harrison, Blue Creek, Paulding, Latty, and Washington Townships. It is staffed by 47 non-certified employees and 68 certified full-time teaching personnel who provide services to 1,030 students and other community members.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

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

The District is associated with four jointly governed organizations and two group insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Northwest Ohio Special Education Regional Resource Center, State Support Team Region 1, Vantage Vocational School, Paulding County School Consortium's Employee Insurance Benefits Program, and Metropolitan Education Council. These organizations are presented in Notes 12 and 13 of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB)

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The accompanying financial statements omit assets, liabilities, 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.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the District as a whole. The statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The Statement of Net Position presents the financial condition of the governmental activities of the District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the District with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the District.

FUND FINANCIAL STATEMENTS

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

C. Fund Accounting

The District uses funds to maintain its financial record during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories: governmental and fiduciary.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for and report financial resources that are restricted to expenditure for principal and interest.

Other Governmental Funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include private purpose trust and agency funds. The District's private purpose trust fund accounts for a program that provides for community service activities. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The District's agency funds include various student-managed activities.

D. Budgetary Process

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.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the fund-cost center level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund, and at the function and object level within all other funds, are made by the Treasurer.

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

Estimated Resources

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2014 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

Temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and may be reported as part of restricted, committed or assigned classifications of fund balance.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the District Treasurer is pooled. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through District accounting records. Interest in the pool is presented as "Equity in Pooled Cash and Investments."

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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.

During fiscal year 2015, the District invested in negotiable and nonnegotiable certificates of deposits, repurchase agreements and a governmental money market. Investments are reported at cost basis.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts for the General Fund during fiscal year 2015 were \$62,356, which includes approximately \$16,712 interest assigned from other District funds.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

G. Accumulated 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 cash basis of accounting used by the District.

H. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as cash when received and payment of principal and interest are reported as disbursements when paid.

I. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Intergovernmental receipts and disbursements made on-behalf-of the District by the Western Buckeye Educational Service Center are recorded during the year.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

J. 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.

K. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as expenditures/disbursements in the reimbursing fund and a reduction in expenditures/disbursement in the reimbursed fund.

M. Pension Plans

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.

N. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as Net Position, and displayed in separate components:

- a. Restricted Net Position - Consists of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted."

Net Position restricted for other purposes include resources restricted for food service operations. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted Net Position is available. There was no Net Position restricted by enabling legislation as of June 30, 2015.

O. Fund Cash Balance

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the General Fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when a disbursement is incurred for purposes for which restricted and unrestricted fund cash balance is available. The District considers committed, assigned, and unassigned fund cash balances, respectively, to be spent when disbursements are incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a 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, liabilities, 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.

B. 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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

disclosures, as presented in Note 9 to the financial statements, and added required supplementary information.

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.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-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 other obligations 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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); 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;
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 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. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$3,685,643. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, all of the District's bank balance of \$3,815,637 was covered by the Federal Deposit Insurance Corporation (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.

B. Investments

As of June 30, 2015, the District had the following investments and maturities:

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(Continued)**

<u>Investment type</u>	<u>Carrying Amount</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Negotiable CD's	\$ 6,215,000	\$ 747,000	\$ 1,388,000	\$ 997,000	\$ 590,000	\$ 2,493,000
Repurchase agreement	102,948	102,948				
Invesco mutual fund	6,527	6,527				
Total	\$ 6,324,475	\$ 856,475	\$ 1,388,000	\$ 997,000	\$ 590,000	\$ 2,493,000

The weighted average maturity of investments is 1.70 years.

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

Credit Risk: The District's investments in federal agency securities and the federal agency securities that underlie the repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CD's and mutual fund were not rated. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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. Of the District's investment in a repurchase agreement, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. 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 other than for commercial paper and banker's acceptances. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Negotiable CD's	\$ 6,215,000	98.27
Repurchase agreement	102,948	1.63
Invesco mutual fund	6,527	0.10
Total	\$ 6,324,475	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

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(Continued)**

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,685,643
Investments	<u>6,324,475</u>
Total	<u>\$ 10,010,118</u>

<u>Cash and investments per financial statements</u>	
Governmental activities	\$ 9,919,315
Private-purpose trust funds	42,469
Agency funds	<u>48,334</u>
Total	<u>\$ 10,010,118</u>

NOTE 5 - 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.

The District receives property taxes from Paulding, Van Wert and Putnam. The County Auditors 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:

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

	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	\$ 148,902,180	91.69	\$ 150,708,590	90.46
Public utility personal	<u>13,503,040</u>	<u>8.31</u>	<u>15,884,770</u>	<u>9.54</u>
Total	<u>\$ 162,405,220</u>	<u>100.00</u>	<u>\$ 166,593,360</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$27.70		\$27.70	
Debt service	2.50		2.20	
Maintenance	0.50		0.50	

NOTE 6 - INCOME TAX

The District levies a tax of 1.25 percent for general operations on the income of residents and of estates. Of the overall 1.25 percent taxes, .75 percent is a five-year renewable tax, last renewed in May 2010; .5 percent of the income tax is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

NOTE 7 - DEBT OBLIGATIONS

Debt obligations of the District at June 30, 2015 consisted of the following:

		Balance Outstanding <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2015</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>						
2001 School Improvement Bonds						
Capital appreciation bonds	13.017-13.015%	\$ 65,367		\$ (65,367)		
Accretion of interest		168,340	\$ 11,293	(179,633)		
2010 Refunding Bonds						
Current interest serial bonds	1.00-3.90%	2,895,000		(55,000)	\$ 2,840,000	
Capital appreciation bonds	29.39%	139,993			139,993	\$ 79,512
Accretion of interest		219,385	105,190		324,575	184,368
Judgment Loan Payable		<u>2,639,412</u>		<u>(324,810)</u>	<u>2,314,602</u>	<u>193,881</u>
Total Debt Obligations		<u>\$ 6,127,497</u>	<u>\$ 116,483</u>	<u>\$ (624,810)</u>	<u>\$ 5,619,170</u>	<u>\$ 457,761</u>

2001 School Improvement Bonds - The District issued \$5,671,625 in voted general obligation bonds for constructing, improving, and making additions to school buildings and related site development. The bonds were issued on May 1, 2001. The bond issue included serial, term, and capital appreciation bonds in the amounts of \$2,205,000, \$3,250,000, and \$216,625, respectively. The bonds were retired with a voted property tax levy from the debt service fund. The Bonds matured in fiscal year 2015.

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(Continued)**

Series 2010 Refunding General Obligation Bonds - On September 29, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to advance refund the callable portion of the Series 2001 school improvement current interest bonds. This refunded debt is considered defeased (in-substance).

The refunding issue is comprised of both current interest bonds, par value \$3,110,000 and capital appreciation bonds par value \$139,993. The interest rates on the current interest bonds range from 1.00% - 3.90%. The capital appreciation bonds mature on December 1, 2015 and December 31, 2016 (actual interest rate 27.394%) 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 maturing December 1, 2015 and December 31, 2016 are \$300,000 and \$295,000, respectively. Total accreted interest of \$263,880 has been included on the debt schedule at June 30, 2015.

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

The reacquisition price exceeded the net carrying amount of the old debt by \$268,038. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments \$265,552 and resulted in an economic gain of \$207,615.

The following is a summary of the future debt service requirements to maturity for the series 2010 refunding bonds:

Fiscal Year Ending June 30	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ -	\$ 91,650	\$ 91,650	\$ 79,512	\$ 220,488	\$ 300,000
2017	-	91,650	91,650	60,481	234,519	295,000
2018	295,000	87,815	382,815	-	-	-
2019	305,000	79,405	384,405	-	-	-
2020	315,000	70,105	385,105	-	-	-
2021 - 2025	1,455,000	198,231	1,653,231	-	-	-
2026 - 2029	470,000	37,180	507,180	-	-	-
Total	<u>\$ 2,840,000</u>	<u>\$ 656,036</u>	<u>\$ 3,496,036</u>	<u>\$ 139,993</u>	<u>\$ 455,007</u>	<u>\$ 595,000</u>

Judgment Loan Payable - On October 5, 1995, the Supreme Court of Ohio rendered an adverse decision against the District in a lawsuit, which was filed as the result of an accident involving a District bus. The amount of the judgment at June 30, 1997, was \$5,618,561. On July 8, 1997, the District entered into a loan agreement with the State of Ohio to pay the judgment. Future requirements to retire this debt at June 30, 2015, are as follows:

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(Continued)**

Fiscal Year Ending June 30,	Judgment Loan
2016	\$ 193,881
2017	269,111
2018	275,839
2019	282,735
2020	289,803
2021 - 2023	<u>1,003,233</u>
Total	<u>\$ 2,314,602</u>

Payments on the above obligations are deducted from the District's General Fund monthly Foundation payments by the State. The monthly deductions are equal to one-twelfth of two-thousandths or 2 mils of the District's total taxable value reported for the lesser of 25 years or a period equal to the number of years required to pay off the loan, commencing July of 1998.

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 \$13,157,313 (including available funds of \$1,003,911) and an unvoted debt margin of \$166,593.

NOTE 8 - RISK MANAGEMENT

1. Property and Liability

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Ohio Casualty Company for property, fleet, violence and liability insurance in the amounts as follows:

Bodily Injury and Property Damage	\$ 1,000,000
Personal Injury/Advertising Liability	1,000,000
Products/Completed Operations Aggregate Limit	2,000,000
General Annual Aggregate	2,000,000
Fire Legal Liability	300,000
Medical Payments Any One Person	15,000
Errors or Omissions	1,000,000
Errors or Omissions Aggregate	1,000,000
Employment Practices Liability	1,000,000
Employment Practices Liability Aggregate	3,000,000
Owned/Leased Vehicles	1,000,000
Medical Payments	5,000

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

Uninsured Motorist	1,000,000
Automobile Physical Damage (10 year or new vehicles)	Replacement Cost
Property per Occurrence Limit	
Employee Dishonesty/Faithful Performance of Duty	50,000
Forgery or Alteration	50,000
Computer Fraud	100,000
Money & Securities- In	50,000
Money & Securities- Out	50,000
Umbrella each occurrence	4,000,000
Umbrella Aggregate	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage since fiscal year 2014.

2. Health Care Benefits

The District participates in the Paulding County Insurance Consortium. Paulding County Insurance Consortium is a council of governments for a shared risk purchase of Life and Health Benefits. The consortium self-insures up to \$75,000 per individual and purchases excess coverage through Anthem Insurance.

3. Workers' Compensation

For fiscal year 2015, the District's Workers' Compensation managed care organization is contracted with Sheakley Worker's Compensation. The District did not qualify for a Group Rating Program (GRP) due to prior claims. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria.

NOTE 9 – DEFINED BENEFIT 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,

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(Continued)**

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's 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	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,

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(Continued)**

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 \$201,582 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must

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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 School 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 was \$553,258 for fiscal year 2015.

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,228,080	\$8,437,256	\$10,665,336
Proportion of the Net Pension Liability	0.044025%	0.0346877%	

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.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

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.

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	15.00	7.50
Total	<u>100.00 %</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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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%)
School District's proportionate share of the net pension liability	\$3,178,808	\$2,228,080	\$1,428,436

Actuarial Assumptions - STRS

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' 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.00 %	

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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%)
School District's proportionate share of the net pension liability	\$12,078,852	\$8,437,256	\$5,357,692

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2015, two of the members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10- POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$50,841.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$61,711, \$21,088, and \$23,495, respectively. For fiscal year 2015, 88.73 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$36,539, and \$35,802 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 11 - STATUTORY RESERVES

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

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

	<u>Capital Improvements</u>
Current year set-aside requirement	\$ 166,528
Current year offsets	<u>(257,509)</u>
Total	<u>\$ (90,981)</u>

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative ("NOACSC") is a jointly governed organization among forty-seven Districts. The jointly governed 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 Districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

The NOACSC Assembly consists of a representative from each participating District and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating Districts are located. The degree of control exercised by any participating District is limited to its representation of the Board. Financial information can be obtained by contacting Ray Burden, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

Northwest Ohio Special Education Regional Resource Center - The Northwest Ohio Special Education Regional Resource Center ("SERRC") is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating Districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained from the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

State Support Team Region 1 – The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Van Wert, Williams and Wood counties, and Fostoria Community School in Seneca County. The Educational Service Center of Lake Erie West is the fiscal agent for the SSTR1. Executive Director and Single Point of Contact is Sue Zake. Contact information is available at www.sstr1.org.

Vantage Vocational School - The Vantage Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Vantage Vocational School, Laura Peters, who serves as Treasurer, at 818 North Franklin Street, Van Wert, Ohio 45891.

NOTE 13 - GROUP PURCHASING POOLS

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

Paulding County School Consortium's Employee Insurance Benefits Program - The District participates in the Paulding County School Consortium's Employee Insurance Benefits Program ("Program"), a Council of Governments, defined as an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Program is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program to maintain adequate insurance protection and provide risk management programs and other administrative services for medical and dental insurance coverage to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors, which advises the Trustee, Huntington Financial, concerning aspects of the administration of the Program. Members are Antwerp Local Schools, Paulding Exempted District Schools and Wayne Trace Local Schools. Monies are paid monthly to Reliance Financial Services, which holds and invests funds for the Consortium and makes payments to Anthem Insurance, which acts as the TPA for administration of the policies.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Program is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Rob Wannemacher, 4915 U.S. RT. 127, Haviland, Ohio 45851.

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of 193 districts in 42 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the MEC. The Governing Board of MEC consists of one voting representative from each member district. The District purchases electric through the MEC program. To obtain financial information, write to Metropolitan Educational Council, Elmo Kallner, who serves as Director, 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

NOTE 14- INTERFUND TRANSACTIONS

A. Advances in/advances out consisted of the following at June 30, 2015 as reported on the fund statement:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General Fund	Lunchroom Fund	\$ 24,000
General Fund	Straight A Fund	15,083
General Fund	Race to the Top Fund	8,642
General Fund	Title VI-B Fund	21,574
General Fund	ESCE Preschool Fund	1,150
General Fund	Title II-A Fund	1,239
Lunchroom Fund	General Fund	<u>82,000</u>
Total		<u>\$ 153,688</u>

The primary purpose of the advances is to cover costs in specific funds where revenues were not received by June 30. Advances in to the General Fund in the amount of \$86,771 were repayment of prior year advances. The remaining advances will be repaid once the anticipated revenues are received.

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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

- B.** Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund statements:

<u>Transfers from the General Fund to:</u>	<u>Amount</u>
Permanent Improvement Fund	<u>\$ 257,509</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to 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 on the government-wide financial statements.

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

B. Litigation

There are currently no matters in litigation with the District as defendant.

C. School Funding

School 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 school 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 school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 16 - BUDGETARY BASIS

The budgetary basis as provided by law is based upon accounting for certain transactions on the 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 prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances that are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

to the budgetary basis statement for the General Fund:

Net Change in Fund Cash Balance

	<u>General Fund</u>
Cash basis	\$ 351,428
Funds budgeted elsewhere	50,601
Adjustment for encumbrances	(15,064)
Budget basis	\$ 386,965

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Uniform School Supplies Fund, Public School Support Fund, Special Trust Fund, Rotary Fund and Termination Benefits Fund.

NOTE 17 - COMMITMENTS

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

<u>Fund</u>	<u>Year-end Encumbrances</u>
General Fund	\$ 15,064
Other Governmental	25,990
Total	\$ 41,054

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.04402500%	0.04402500%
District's proportionate share of the net pension liability	\$ 2,228,080	\$ 2,618,025
District's covered-employee payroll	\$ 1,439,871	\$ 1,279,286
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	154.74%	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 June 30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0346877%	0.0346877%
District's proportionate share of the net pension liability	\$ 8,437,256	\$ 10,050,405
District's covered-employee payroll	\$ 3,951,843	\$ 3,544,129
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.50%	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 June 30 of the previous fiscal year.

Note: Information prior to fiscal year 2014 was unavailable.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2015	2014
Contractually required contribution	\$ 201,582	\$ 179,100
Contributions in relation to the contractually required contribution	(201,582)	(179,100)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 1,439,871	\$ 1,279,286
Pension contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SCHOOL TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2015	2014
Contractually required contribution	\$ 553,258	\$ 496,178
Contributions in relation to the contractually required contribution	(553,258)	(496,178)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 3,951,843	\$ 3,544,129
Pension contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note: Information prior to fiscal year 2014 was unavailable.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. At this point only one year is being reported, but comments on additional years will be added as they occur.

Changes in benefit terms : None.

Changes in assumptions : None.

Method and assumptions used in calculation of actuarial determined contributions: The actuarially determined contribution rates are determined on an annual basis for the fiscal year beginning July 1, 2014, determined as of June 30, 2014. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	4-year smoothed market
Inflation	3.25 percent
Salary increase	4.00 – 22.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investments expense, including inflation

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: None.

Changes in assumptions: None.

Method and assumptions used in calculation of actuarial determined contributions: The actuarially determined contribution rates are determined on an annual basis for the fiscal year beginning July 1, 2014, determined as of June 30, 2014. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29.5 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments	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, the 2 percent COLA is paid on the fifth anniversary of the retirement date

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**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program			
Cash Assistance	10.555	\$182,086	\$182,086
Non-Cash Assistance (Food Distribution)	10.555	20,613	20,613
Total National School Lunch Program		<u>202,699</u>	<u>202,699</u>
School Breakfast Program	10.553	<u>31,908</u>	<u>31,908</u>
Total United States Department of Agriculture		<u>234,607</u>	<u>234,607</u>
UNITES STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	193,489	199,420
Special Education Cluster:			
Special Education Grants to States	84.027	262,037	240,463
Special Education Preschool Grants	84.173	15,206	14,056
Total Special Education Cluster		<u>277,243</u>	<u>254,519</u>
Twenty-First Century Community Learning Centers	84.287	84,606	89,039
Improving Teacher Quality State Grants	84.367	66,080	64,841
ARRA - Race to the Top Incentive Grants	84.395	<u>16,101</u>	<u>7,459</u>
Total United States Department of Education		<u>637,519</u>	<u>615,278</u>
Total Federal Awards Receipts and Expenditures		<u><u>\$872,126</u></u>	<u><u>\$849,885</u></u>

The accompanying notes are an integral part of this schedule.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to its subrecipient was \$84,606.

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Wayne Trace Local School District
Paulding County
4915 U.S. Highway 127
Haviland, Ohio 45851-9738

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Trace Local School District, Paulding County, Ohio (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 and have issued our report thereon dated January 19, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

January 19, 2015



Dave Yost • Auditor of State

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

Wayne Trace Local School District
Paulding County
4915 U.S. Highway 127
Haviland, Ohio 45851-9738

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Wayne Trace Local School District, Paulding County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Wayne Trace Local School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Special Education Cluster

As described in finding 2015-002 in the accompanying schedule of findings, the District did not comply with requirements regarding cash management applicable to its Special Education Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster* paragraph, Wayne Trace Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Special Education Cluster* for the year ended June 30, 2015.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Wayne Trace Local School District complied, in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2015-002 to be a material weakness.

Wayne Trace Local School District
Paulding County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 2

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State

Columbus, Ohio

January 19, 2015

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**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified: Special Education Cluster: Education Grants to States CFDA #84.027 and Early Childhood Grant CFDA #84.173 Unqualified: Child Nutrition Cluster: School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: School Breakfast Program CFDA #10.553 National School Lunch Program CFDA #10.555 Special Education Cluster: Education Grants to States CFDA #84.027 Early Childhood Grant CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code § 117.38 provides that each public office “shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.”

Ohio Admin. Code § 117-2-03(B) adds to the general requirements of Ohio Rev. Code § 117.38 by requiring school districts to prepare their annual financial report in accordance with accounting principles generally accepted in the United States of America.

The District lacked a GASB 34 policy and prepared its financial statements on the cash basis of accounting, which is a basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

Officials’ Response: At this time, the Wayne Trace Board of Education feels it is more cost effective to file the OCBOA statement in lieu of the GAAP statement. The District is aware that it may be subject to a fine for not complying with the requirement of filing the District’s financial reports based on GAAP.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2015-002
CFDA Title and Number	Special Education Cluster: Education Grants to States, CFDA #84.027 Early Childhood Grant, CFDA #84.173
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness

34 CFR 80.20 (b)(7) states in part, when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. This has been interpreted as being spent within 30 days.

The District did not sufficiently monitor the timing of request for funds for the Special Education Fund. Review of activity in the District's Special Education Fund showed 33.3% of the drawdowns received by electronic transfers were not spent within 30 days during fiscal year 2015.

We recommend improvements be made in the internal control procedures for minimizing the time elapsing between the transfer of funds and disbursement by the District whenever the advance payment procedure is used. This will allow the District to comply with Ohio Department of Education requirements that were adopted to facilitate federal cash management.

Officials' Response:

See Corrective Action Plan for Officials' response.

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-002	All request for funds are now done after the expense has been incurred. There are no advance request for funds.	7/1/2015	Lori Davis, Treasurer

**WAYNE TRACE LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as finding 2015-001.
2014-002	Material weakness for failure to perform month end reconciliations.	Yes	

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Dave Yost • Auditor of State

WAYNE TRACE LOCAL SCHOOL DISTRICT

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2016