

MAD RIVER LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY, OHIO

2016

Annual Financial Information Statement



This Annual Financial Information Statement pertains to the operations of Mad River Local School District for the fiscal year ended June 30, 2015.

This Annual Financial Information Statement is intended to satisfy the School District's Continuing Disclosure obligations for providing annual financial information and operating data in compliance with Securities and Exchange Commission Rule 15c2-12.

Questions regarding information contained in this Annual Financial Information Statement should be directed to: Jerry Ellender, Treasurer, Mad River Local School District, 801 Old Harshman Road, Riverside, Ohio 45431.

The date of this Annual Financial Information Statement is March 1, 2016.

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REGARDING THIS ANNUAL FINANCIAL INFORMATION STATEMENT

This Annual Financial Information Statement does not constitute an offering of any security of the Board of Education of the Mad River Local School District (the "School District"), County of Montgomery, Ohio.

The information herein is subject to change without notice. The delivery of this Annual Financial Information Statement shall not create any implication that there has been no change in the affairs of the School District since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the School District will have, at the request of the School District, passed upon the accuracy or adequacy of this Annual Financial Information Statement.

This Annual Financial Information Statement, which includes the cover page and Appendices A through D, has been prepared by the School District, pursuant to Continuing Disclosure Agreements and Certificates entered into by the School District in compliance with Securities and Exchange Commission Rule 15c-2-12 for outstanding obligations of the School District. Certain information contained herein is not required to be supplied under the Rule and the School District is under no obligation to provide this additional information in the future.

This Annual Financial Information Statement is not sufficient to base an investment decision on but should be read in conjunction with the original offering document and all subsequent updates.

All financial and other information presented in this Annual Financial Information Statement has been provided by the School District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Annual Financial Information Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the "Revised Code") or uncoded, or to the provisions of the Ohio Constitution or the School District's resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Annual Financial Information Statement, “School District” means Mad River Local School District; and “State” or “Ohio” means the State of Ohio.

Any addresses of or links to web sites, which may be contained herein, are given for the convenience of the user only. The School District has not participated in the preparation, compilation or selection of information on these websites, and therefore presents no warranties or representations of the material contained therein. Further, the School District assumes no responsibility or liability for the contents there.

Certain information contained in this Annual Financial Information Statement is attributed to the Ohio Municipal Advisory Council (OMAC). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Additional information concerning this Annual Financial Information Statement, as well as copies of the basic documentation relating to any outstanding obligations of the School District, is available from Jerry Ellender, Treasurer, Mad River Local School District, 801 Harshman Road, Riverside, Ohio 45431, (937) 259-6610.

GENERAL INFORMATION AND OPERATING DATA THE BOARD OF EDUCATION AND THE SCHOOL DISTRICT

There follows in this Annual Financial Information Statement a brief description of the School District, together with certain information concerning its governmental organization, its indebtedness, current major revenue sources and general and specific funds.

About the School District

The School District is the largest of six local School Districts in Montgomery County. The School District is adjacent to Dayton City Schools and four other suburban city school districts. The School District's physical facilities consist of one grade 9-12 high school building, two middle school buildings, and four K-4 elementary school buildings, a central administration/preschool building, a maintenance facility and a transportation maintenance building.

The 2015-2016 school year student enrollment is 3,810. The School District currently employs 294 certified personnel and 182 support personnel. The School District is providing transportation for 1,882 public school students and 31 private school students.

Overlapping Governmental Entities

The major political subdivisions overlapping all or a portion of the territory of the School District, the approximate percentages of the assessed valuation of such subdivisions located within the School District and the net overlapping debt (excluding self-supporting debt) attributable to the School District from such subdivisions are as follows:

Subdivision Name	Percent of Assessed Valuation Within School District	Net Debt
Mad River Local School District	100.00%	\$7,640,000
Montgomery County	2.54	0
Dayton City	3.75	1,267,500
Huber Heights City	0.01	2,377
Riverside City	71.02	617,077
Dayton Low Dam Misc.	54.52	0
Dayton-Montgomery Library	3.22	5,450,816
Miami Shore Subdivision Misc.	2.54	0
Miami Valley Reg. Transit Auth	2.54	0
Montgomery County Trans Imp School District	2.54	0
Sinclair Community College Misc.	2.54	0
Valley View Water & Sewer Dist., Misc.	2.54	0

NET DEBT			NET OVERLAPPING DEBT		
Net Debt	Per Capita	% of A/V	Overlapping Debt	Per Capita	% of A/V
\$7,640,000	\$350	3.33%	\$14,977,770	\$686	6.54

Source: Ohio Municipal Advisory Council; March 4, 2016

Each of these entities operates independently under and is governed by Ohio law with its own budget, tax rate and sources of revenue. All such entities (other than Cleveland Metroparks and the Medina County Library and Park Districts) may levy unvoted ad valorem property taxes within the "ten-mill limitation".

Organization and Officials of the Board of Education

The current members of the Board of Education, and the Superintendent and Treasurer of the School District are as follows:

Name	Began Service	Term Expires	Profession
Scott Huddle, President	01/01/00	12/31/19	Registered Nurse
Marilyn Steiner, Vice-President	01/01/93	12/31/17	Youth Counselor
Julie Denning	01/01/12	12/31/19	Insurance
Ruth Newhouse	01/01/06	12/31/17	Retired
Cristina Pickle	10/08/98	12/31/17	Educator

Source: Records of the Treasurer of the School District

Superintendent

The Superintendent is the chief executive officer of the School District, responsible directly to the Board for all educational and support operations. Chad Wyen was appointed effective August 1, 2014, and has been in the education profession for 17 years. He holds a Master's Degree in Educational Leadership from the University of Dayton.

Treasurer

The Treasurer is the chief financial officer of the School District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all School District funds and assets and investing idle funds as specified by Ohio Law. Jerry Ellender was appointed to serve as Treasurer of the Mad River Local School District effective June 7, 2010. He is a Certified Public Accountant licensed with the State of Ohio and holds a School Treasurer license with the Ohio Department of Education. He holds a Bachelor of Science Degree in Accounting from McNeese State University and has been a CPA for over 30 years.

Enrollment

Actual enrollment in the School District for the school years 2014-2015 and 2015-2016 is shown in the table below:

School Year	K-4	5-6	7-8	9-12	Total Enrollment
2014-2015	1,499	586	543	1,211	3,839
2015-2016	1,556	500	572	1,182	3,810

Source: Records of the Treasurer of the School District

Employees

The School District currently employs 476 full-time employees and 205 part-time employees, (including non-teaching personnel). In fiscal year 2014-2015, the Board paid \$25,164,196 in salaries and wages to these employees (including substitutes) and \$9,971,285 in fringe benefits which include state employer retirement contributions, Workers' Compensation insurance coverage, unemployment compensation, severance payments, and medical, dental, vision, and life insurance premiums. Of the School District's current regular employees, 294 are certified by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a Bachelor's degree and 203 of whom hold advanced degrees. The starting salary for a teacher with a Bachelor's degree for the period beginning August 1, 2015 is \$39,467. The maximum teacher salary in 2015-2016 for a Master's degree, plus 60 graduate semester hours, is \$83,141 with 27 years of experience.

State Performance Standards

For information regarding the District's State of Ohio School Report Card, please reference the Ohio Department of Education website at:

<http://reportcard.education.ohio.gov/Pages/District-Search.aspx>

Comparative Position of the School District

The following tables compare the District with its similar district cohorts (as defined by the Department) and the State average in the areas of sources of revenue and expenditures by category.

Sources of Revenue, 2013-2014 (FY2014) Mad River Local School District

	District	Similar Districts	State of Ohio
Local Funding	21.82%	29.12%	42.16%
State Funding	56.68	54.20	42.90
Other Non-Tax Funding	10.20	6.82	7.24
Federal Funding	11.30	9.86	7.71

Source: Ohio Department of Education (District Profile Report)

Expenditures by Category, 2013-2014 (FY2014)
Mad River Local School District
(Dollars per Pupil)

	District	Similar Districts	State of Ohio
Instruction	\$5,940.27	\$5,893.21	\$6,362.35
Building Operations	1,916.02	1,850.65	2,098.51
Administration	960.30	1,246.33	1,426.39
Pupil Support	751.70	543.24	624.91
Staff Support	<u>374.56</u>	<u>288.45</u>	<u>400.48</u>
Total Spending Per Pupil	\$9,942.86	\$9,821.88	\$10,912.65

Source: Ohio Department of Education (District Profile Report)

FINANCIAL MATTERS

Financial Condition of the School District

The School District was able to maintain an unencumbered balance in the general operating fund in the past year as shown:

Fiscal Year Ending	Beginning Cash Balance	Receipts	Expenditures	Ending Cash Balances	Ending Unencumbered Balance
6/30/11	\$12,996,938	\$35,677,036	\$38,393,240	\$10,280,734	\$9,635,093
6/30/12	10,280,733	35,687,851	36,397,254	9,571,330	9,297,956
6/30/13	9,571,330	35,544,030	34,082,222	11,033,138	10,877,553
6/30/14	11,033,138	38,397,485	34,783,069	14,647,554	14,187,659
6/30/15	14,647,558	40,914,497	38,584,688	16,977,367	16,676,398

Source: Records of the Treasurer of the School District

Five-Year Projection

School districts are required to prepare a five-year projection of revenues and expenditures according to the Ohio Department of Education's rules. Pursuant to such rules, the Department reviews the school district's five-year projection to determine if such district has projected a deficit during the first three years of the five-year projection period. If the Department determines that further fiscal analysis is needed, the Department must forward the projection to the Auditor of State, who will determine if the school district must be formally notified of a pending projected deficit. The school district must then take steps to eliminate any deficit in the current year and to plan to avoid projected deficits. The School District's five-year projection is attached as Appendix D.

Investment Policy

The School District is limited by the Uniform Depository Act and the Ohio Revised Code Chapter 135 on its investments. The School District makes all investments in accordance with the law. The School District values safety, liquidity and return in that order. Interest earned by the School District in fiscal year ending June 30, 2015 totaled \$58,267.

Insurance

The School District maintains comprehensive insurance coverage with private carriers for real property, building contents, general liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are insured by blanket coverage in the amount of \$134,914,820. General liability coverage provides for \$1,000,000 per occurrence and \$3,000,000 aggregate.

General Fund

The General Fund is the School District's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives money from many sources, but primarily from the ad valorem property taxes and the School Foundation Program distributions from the State of Ohio.

AD VALOREM TAX REVENUES

Assessed Valuation of the School District

The assessed valuation of property within the School District subject to levy of ad valorem taxes is indicated in the following table:

Assessed Valuation

Tax Year	Collection Year	Real (a)	Public Utility (b)	Total Assessed Valuation
2011	2012	\$239,208,040	\$9,384,680	\$248,592,720
2012	2013	238,984,220	9,975,550	248,959,770
2013	2014	237,370,780	11,011,080	248,381,860
2014	2015	217,798,480	11,342,660	229,141,140
2015	2016	215,570,970	11,497,810	227,068,780

(a) Including public utility

(b) Tangible personal only

Source: Montgomery County Auditor

Largest Taxpayers

The largest taxpayers within the School District for tax duplicate year 2015 (collection year 2016) are shown in the following table:

	Taxpayer	Total Assessed Valuation Real, Personal and Public Utility	% of Total Assessed Valuation
1.	Dayton Power & Light Co.	\$10,671,270	4.70%
2.	Yorktown Colony Apts, , LLC	3,913,910	1.72
3.	Cloud Park Apt.	3,620,670	1.59
4.	MacGregor Park, Inc.	2,657,110	1.17
5.	Overlook Mutual Homes, Inc.	2,389,710	1.05
6.	Airway Center LLC	2,281,020	1.00
7.	Kroger Ltd Partnership	1,685,910	0.74
8.	CF Ohio Owner LLC	1,605,860	0.71
9.	City of Riverside, Ohio	1,497,230	0.66
10.	Stag III Dayton LLC	1,345,530	0.59

Source: Montgomery County Auditor

Collections and Delinquencies of Ad Valorem Taxes

The following table sets forth the amounts billed for ad valorem real estate and public utility taxes and tangible personal property taxes for the School District on the tax duplicate for the years shown:

Real Estate, Public Utility and Tangible Personal Property Tax Collection Percentages Real Property

Collection Year	Current Taxes Levied	Current Taxes Collected	Percentage Collected	Delinquent Taxes Billed	Delinquent Taxes Collected	Percentage Collected
2011	\$11,010,398	\$10,667,166	96.88%	\$779,304	\$440,620	56.54%
2012	10,947,839	10,544,817	96.32	816,021	396,183	48.55
2013	12,480,811	12,007,165	96.21	825,265	274,438	33.25
2014	12,501,171	11,959,225	95.66	1,013,329	313,635	30.95
2015	12,077,078	11,630,608	96.30	825,858	440,471	53.36

Source: Montgomery County Auditor's Office

Unvoted and Voted Taxes for Local Purposes

Rates of Taxation

Tax Year	Collection Year	Mills – General Fund			Mills	
		Inside	Outside	Total	Bond Retirement Fund	Permanent Improvements
2011	2012	6.80	52.60	59.40	5.60	0.50
2012	2013	6.80	58.50	65.30	5.60	0.50
2013	2014	6.80	58.50	65.30	5.60	0.50
2014	2015	6.80	58.50	65.30	5.60	0.50
2015	2016	6.80	58.50	65.30	5.60	0.50

Source: Montgomery County Auditor

Sources of Income

The following chart shows the sources of income for the General Fund of the School District for the fiscal years shown:

Sources of Income-General Fund

	2013	2014	2015
LOCAL			
Real Estate	\$8,706,085	\$9,419,909	\$9,317,774
Investment Earnings	53,155	51,790	58,267
Other	359,453	439,726	143,157
STATE			
Foundation	\$23,810,740	\$25,731,490	\$28,857,453
Rollback and Homestead	1,306,216	1,419,774	1,423,572
Other State	77,744	192,544	191,250
FEDERAL			
PL 874	\$1,090,810	\$599,055	\$717,809
Medicaid	84,327	483,623	148,251
AF JrROTC	<u>55,500</u>	<u>59,577</u>	<u>56,964</u>
TOTAL	\$35,544,030	\$38,397,488	\$40,914,497

Source: Records of the Treasurer of the School District

Election History

The School District passed a new 5.9 mill additional current expense continuing levy at the March 2012 election. Additional tax revenue from the new levy was first collected in calendar year 2013.

State Foundation Program

Public schools in Ohio receive financial assistance from the State. There are certain requirements for receipt of state funding; for example, the School District must levy at least 20 mills for operating purposes, certain reporting and accounting requirements must be met, schools in the School District must be open for a minimum number of days or hours for instructional purposes, and teachers' salaries must meet certain criteria. Failure to comply with these requirements may result in the elimination or reduction of benefits received by a school district.

The School District currently participates in the Foundation Program and, as shown in the following table, relies on the Foundation Program for approximately 71% of its operating revenues:

Fiscal Year	General Fund Revenues	State Foundation	% of General Fund Revenues Consisting of State Foundation
2011	\$34,877,037	\$22,638,374	65%
2012	35,687,851	21,942,083	61
2013	35,544,030	23,810,740	67
2014	38,397,488	25,731,490	67
2015	40,914,497	28,857,453	71

*Prior to the 2010 fiscal year, the State Funding Program consisted of the State Foundation Program. For the fiscal years 2010 and 2011, the State Funding Program consisted of the Evidence-Based Model adopted in the 2010-2011 State Budget. . For Fiscal Years 2012 and 2013, state funding was provided under the Bridge Formula described below. State Funding for Fiscal Years 2014 and 2015 was provided pursuant to Sub. H.B. 59, discussed below.

Source: Records of the Treasurer of the School District

Since the funding for the Foundation Program must be appropriated by the General Assembly for each biennium, there can be no assurance that current funding levels will be continued. From time to time there may be an increase, a stabilization, or a reduction of the level of State assistance to school districts.

The 2012-2013 State Budget eliminated the Evidence-Based Model as the program to provide state funding to school districts. For Fiscal Years 2012 and 2013, schools in Ohio were funded pursuant to a transitional formula (the "Bridge Formula") that provided funding to school districts based on the Fiscal Year 2010-2011 amount per pupil basis. For Fiscal Years 2014 and 2015, schools in Ohio were funded pursuant to H.B. 59 which was signed by Ohio Governor John Kasich on June 30, 2013. Under H.B. 59, the Ohio Department of Education computed and paid to each school district education aid based on the per pupil funding it received for Fiscal Year 2009 (calculated to be \$5,745 in Fiscal Year 2014 and \$5,800 in Fiscal Year 2015) multiplied by each school district's "state share index" which uses a three year average of adjusted property valuation per pupil and median income of that school district to calculate the percentage of the per-pupil amount that is to be paid by the State and the amount assumed to be contributed by the school district through local sources. Additional funds were provided for students with exceptional needs, including those with special needs and the disabled, and limited English proficiency, and for economically disadvantaged and gifted students. Funding was also

provided based on the number of K-3 students at each school district which was used to help school districts comply with Ohio's 3rd grade reading guarantee.

On June 30, 2015, Ohio Governor John Kasich signed Am. Sub. H.B. 64 ("H.B. 64"), which is the budget for the 2016-2017 biennium and provides the funding formula to Ohio schools. Under H.B. 64, the Ohio Department of Education will compute and pay to each school district education aid based on per pupil funding (calculated to be \$5,900 in Fiscal Year 2016 and \$6,000 in Fiscal Year 2017) multiplied by each school district's "state share index" which uses a three year average of property valuation per pupil and median income of that school district to calculate the percentage of the per-pupil amount that is to be paid by the State and the amount assumed to be contributed by the school district through local sources. Additional funds are provided for students with exceptional needs, including those with special needs and the disabled, and limited English proficiency, and for economically disadvantaged and gifted students. Funding is also provided based on the number of K-3 students at each school district to be used to help school districts comply with Ohio's 3rd grade reading guarantee. H.B. 64 also provides for the payment to certain districts of capacity aid funds, graduation bonuses and 3rd grade reading bonuses.

H.B. 64 continues the payment of tangible personal property "replacement payments" to districts and provides for tangible personal property "supplement payments" in Fiscal Year 2016. Such supplement payments guarantee that no district will receive less in Fiscal Year 2016 than that district received the previous year for state foundation aid and tangible personal property replacement payments combined. H.B. 64 does not provide for payment in Fiscal Year 2017 of tangible personal property supplement payments, therefore eliminating such a guarantee for Fiscal Year 2017.

SCHOOL DISTRICT DEBT AND OTHER LONG-TERM OBLIGATIONS

Principal Amounts of Outstanding Debt; Leeway for Additional Debt Within Direct Debt Limitations

Tax Valuation ¹	\$227,068,780
Total Debt	\$9,226,689
Exempt Debt	<u>1,586,689</u>
Total non-exempt debt	\$7,640,000
1/10th of 1% of tax valuation (unvoted debt limitation)	\$227,068
Total limited tax non-exempt bonds outstanding	<u>0</u>
Debt leeway within the 1/10th of 1% unvoted debt limitation but subject to indirect debt limitation	\$227,068
9/10 of 1% of tax valuation (unvoted debt limitation)	\$2,043,619
Total limited tax non-exempt bonds outstanding	<u>0</u>
Debt leeway within the 9/10 of 1% unvoted debt limitation but subject to indirect debt limitation	\$2,043,619
9% of tax valuation (voted and unvoted debt limitation)	\$20,436,190
Total non-exempt bonds outstanding	
Balance in Bond Retirement Fund	\$268,022
Net Non-exempt Debt	<u>\$7,371,978</u>
Debt leeway within debt limitation	\$13,064,212

¹Source: OMAC and the Treasurer of the School District

Outstanding General Obligation Debt

The School District currently has the following outstanding bonds, notes and other debt obligations:

General Obligation Bonds

Date of Original Issue	Purpose	Interest Rate	Final Maturity	Original Amount Issued	Amount Outstanding
04/06/06	Classroom Fac. Ref.	3.75-4.25%	12/01/24	\$8,895,000	\$7,640,000*

* A portion of these Bonds, in the amount of \$7,630,000 will be refunded by the School District's Classroom Facilities Unlimited Tax General Obligation Refunding Bonds, to be issued March 3, 2016, pursuant to a private placement agreement, dated November 11, 2015, between the School District and Robert W. Baird & Co, Inc.

Bond Anticipation Notes

Date of Original Issue	Purpose	Interest Rate	Final Maturity	Original Amount Issued	Amount Outstanding
NONE					

Future Financings

The School District has no imminent plans for future financing other than routine capital expenditures made in the normal course of business.

Lease Obligations

The School District currently has a lease for the renovations to “old” Virginia Stevenson Elementary school to provide Kindergarten, pre-school education and the administration facilities. The total amount remaining on that lease is \$777,000. The School District entered into a new capital financing lease on June 30, 2014 for the construction of a 10,000 square foot Transportation Maintenance Facility on existing School District land. The total amount outstanding on that lease is \$809,689. Construction of the new facility was completed in November 2014.

Date of Original Issue	Purpose	Interest Rate	Final Maturity	Original Amount Issued	Amount Outstanding
08/26/2004	School Improvement	4.30%	07/01/2019	\$2,335,000	\$777,000
06/30/2014	Bus Garage	3.00%	06/15/2021	932,271	809,689

Pension Obligations

The tables below show the employee and employer contributions to the retirement programs of certificated and classified employees of the School District for the fiscal years as shown:

Retirement Programs State Teachers' Retirement - Certificated Employees

Year	Member Contribution		Employer Contribution	
	Percent	\$ Amount	Percent	\$ Amount
2010-11	10%	\$1,951,572	14%	\$2,732,201
2011-12	10	1,870,784	14	2,723,809
2012-13	10	1,723,611	14	2,360,520
2013-14	11	1,927,503	14	2,481,629
2014-15	12	2,297,734	14	2,659,236

School Employee Retirement - Classified Employees

Year	Member Contribution		Employer Contribution	
	Percent	\$ Amount	Percent*	\$ Amount
2010-11	10%	\$493,038	14%	\$690,253
2011-12	10	511,468	14	869,904
2012-13	10	513,714	14	875,592
2013-14	10	538,576	14	885,168
2014-15	10	560,015	14	909,528

*Includes Surcharge

Source: Records of the Treasurer of the School District and Records of State Teachers' Retirement System and School Employee Retirement System

The School District's annual contributions to STRS and SERS are treated as a current expense and are paid primarily from its General Fund. Payments are deducted by the State from each monthly School Foundation Program payment. Current law establishes maximum contribution rates to STRS of 11% and to SERS of 10% for the employees' portion and 14% for the employer's portion.

On September 12, 2012, the General Assembly passed SB 341 and SB 342 modifying SERS and STRS respectively. The Governor signed both bills on September 26, 2012, which became effective January 7, 2013.

SB 341 changes multiple aspects of SERS in ways expected to enhance its ability to amortize its unfunded actuarial accrued liabilities within thirty years. Some of the changes made by SB 341 include: (1) an increase in minimum age and service requirements with respect to certain employees and (2) a reduction in disability benefits with respect to certain employees. The SERS Board is permitted to modify minimum age and service requirements if an actuary determines such adjustments are necessary to amortize its unfunded actuarial accrued liabilities within thirty years.

SB 342 changes numerous aspects of STRS in ways expected to enhance its ability to amortize its unfunded actuarial accrued liabilities within thirty years. Some of the changes made by SB 342 include: (1) an increase in the minimum age and service requirements with respect to certain employees, (2) an increase in the STRS employee contribution rate from 10% to 14%, in annual increments of 1% a year, starting July 1, 2013, (3) a change in the method by which benefits for certain employees are calculated that is expected to result in a reduction of such benefits, (4) a reduction in the annual cost of living adjustment applied to benefits with a temporary freeze in cost of living adjustments and (5) a reduction in disability benefits to certain employees. Beginning on July 1, 2017, the STRS Board may reduce the employee contribution rate to less than 14% if an actuary determines that such reduction does not materially impair the fiscal integrity of STRS. The STRS Board is also permitted to increase or decrease minimum age and service requirements and cost of living adjustments if an actuary determines that such increase does not materially impair the fiscal integrity of STRS or if such decrease is necessary to preserve the fiscal integrity of STRS.

CONCLUDING STATEMENT

This Annual Financial Information Statement has been duly authorized and prepared by, and executed and delivered for and on behalf of, the Board of Education by its President and Interim Treasurer.

BOARD OF EDUCATION MAD RIVER LOCAL SCHOOL DISTRICT

By: /s/ Scott Huddle
President

By: /s/ Jerry Ellender
Treasurer

Dated: March 1, 2016

APPENDIX A
FINANCIAL REPORT
UNAUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The audited financials for prior years are available on the Ohio State Auditor's web site at www.auditor.state.oh.us. The reference to this web site is for the purpose of the Mad River Local School District audited financials only; the District does not make any representation as to the accuracy of the information appearing at such web site. The District does not undertake any obligation to maintain or update such web site or such information contained on such web site.

**Mad River Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

The discussion and analysis of Mad River Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position of governmental activities increased \$3,019,838 which represents a 16.1% increase from 2014.
- General revenues accounted for \$34,639,966 in revenue or 71% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,865,239 or 29% of total revenues of \$48,505,205.
- The District had \$45,485,367 in expenses related to governmental activities; \$13,865,239 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$34,639,966 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements 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. The General Fund is the major fund of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial

**Mad River Local School District
Management's Discussion and Analysis
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and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the District presents:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major fund is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major fund. 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.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. 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.

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Management's Discussion and Analysis
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(Unaudited)

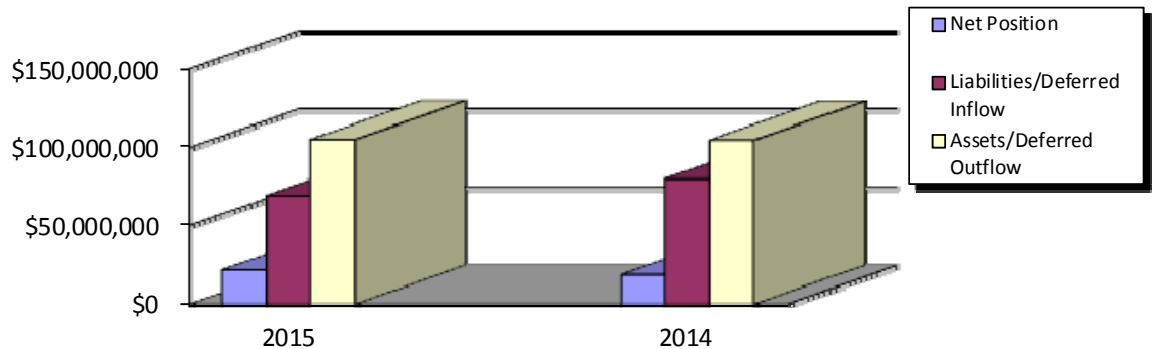
The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities	
	2015	2014-Restated
Assets:		
Current and Other Assets	\$32,974,757	\$32,006,563
Capital Assets	72,227,375	72,815,143
Total Assets	105,202,132	104,821,706
Deferred Outflows of Resources:		
Deferred Charge on Refunding Pension	416,873	460,754
	4,050,201	3,207,192
Total Deferred Outflows of Resources	4,467,074	3,667,946
Liabilities:		
Other Liabilities	5,000,913	5,040,050
Long-Term Liabilities	64,420,404	75,072,199
Total Liabilities	69,421,317	80,112,249
Deferred Inflows of Resources:		
Property Taxes	9,214,449	9,603,704
Pension	9,239,903	0
Total Deferred Inflows of Resources	18,454,352	9,603,704
Net Position:		
Net Investment in Capital Assets	63,393,314	63,307,540
Restricted	2,887,236	3,165,372
Unrestricted	(44,487,013)	(47,699,213)
Total Net Position	\$21,793,537	\$18,773,699

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During 2015, the District adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$76,148,728 to \$18,773,699.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,793,537.

At year-end, capital assets represented 69% of total assets. Capital assets include land, buildings and improvements, and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$63,393,314. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,887,236 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased mainly due to an increase in cash. Long-Term Liabilities increased due to the implementation of GASB 68.

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Management's Discussion and Analysis
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Table 2 shows the changes in net position for fiscal years 2015 and 2014.

Table 2
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues		
Charges for Services	\$4,976,757	\$4,547,967
Operating Grants, Contributions	8,888,482	8,506,605
General Revenues:		
Property Taxes	10,773,917	10,859,322
Grants and Entitlements	23,523,198	21,752,085
Investment Earnings	84,613	76,289
Other	258,238	162,157
Total Revenues	48,505,205	45,904,425
Program Expenses:		
Instruction	27,615,071	26,709,756
Support Services:		
Pupil and Instructional Staff	4,579,051	4,252,154
School Administrative, General		
Administration, Fiscal and Business	3,327,276	3,366,585
Operations and Maintenance	4,018,070	3,800,960
Pupil Transportation	1,439,515	1,548,614
Central	491,380	368,125
Operation of Non-Instructional Services	2,776,964	2,668,326
Extracurricular Activities	728,314	720,047
Interest and Fiscal Charges	509,726	550,079
Total Program Expenses	45,485,367	43,984,646
Change in Net Position	3,019,838	1,919,779
Net Position - Beginning of Year, Restated	18,773,699	N/A
Net Position - End of Year	\$21,793,537	\$18,773,699

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of \$3,207,192 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expenses of \$2,478,837. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

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Total 2015 program expenses under GASB 68	\$45,485,367
Program expenses under GASB 68	(2,478,837)
2015 contractually required contributions	<u>3,207,192</u>
Adjusted 2015 program expenses	46,213,722
Total 2014 program expenses under GASB 27	43,984,646
Decrease in program expenses not related to pension	<u>\$2,229,076</u>

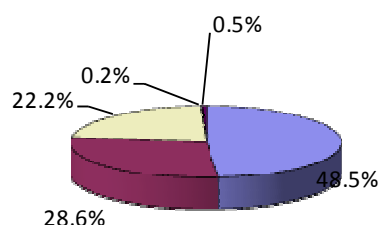
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, special revenue, and debt service purposes, and grants and entitlements comprised 71% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 22% of revenue for governmental activities for the District in fiscal year 2015.

Revenue Sources	2015	Percent of Total
General Grants	\$23,523,198	48.50%
Program Revenues	13,865,239	28.59%
General Tax Revenues	10,773,917	22.21%
Investment Earnings	84,613	0.17%
Other Revenues	<u>258,238</u>	<u>0.53%</u>
	<u>\$48,505,205</u>	<u>100.00%</u>



Instruction comprises 60.7% of governmental program expenses. Support services expenses were 30.5% of governmental program expenses. All other expenses including interest expense were 8.8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The District had an increase in grants revenue mainly due to an increase in grant money receipts from state and federal sources. Instructional expenses increased mainly due to increase in cost of educating students.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net

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cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$27,615,071	\$26,709,756	(\$17,248,492)	(\$17,276,977)
Support Services:				
Pupil and Instructional Staff	4,579,051	4,252,154	(4,545,058)	(3,964,690)
School Administrative, General				
Administration, Fiscal and Business	3,327,276	3,366,585	(3,326,192)	(3,365,792)
Operations and Maintenance	4,018,070	3,800,960	(3,855,046)	(3,633,712)
Pupil Transportation	1,439,515	1,548,614	(1,184,515)	(1,268,892)
Central	491,380	368,125	(488,747)	(349,409)
Operation of Non-Instructional Services	2,776,964	2,668,326	85,109	40,850
Extracurricular Activities	728,314	720,047	(547,461)	(561,373)
Interest and Fiscal Charges	509,726	550,079	(509,726)	(550,079)
Total Expenses	<u>\$45,485,367</u>	<u>\$43,984,646</u>	<u>(\$31,620,128)</u>	<u>(\$30,930,074)</u>

The District's Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$28,329,338 (85%) of the total \$33,261,126 governmental funds assets.

General Fund: Fund balance at June 30, 2015 was \$15,073,446, an increase in fund balance of \$1,851,772 from 2014. The primary reason for the increase in the fund balance was due to an increase in cash of \$1,359,320 from fiscal year 2014 to 2015.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the original budget basis revenue was \$39,674,214, compared to final budget estimates of \$40,884,061. The difference between the original budget basis and final budget was \$1,209,847, which was mostly due to underestimates for taxes and intergovernmental revenue estimates.

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The District's ending unobligated cash balance was \$16,676,388.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$72,227,375 invested in land, buildings and improvements, equipment and vehicles. Table 4 shows fiscal 2015 balances compared to fiscal 2014:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$1,068,500	\$1,068,500
Construction In Progress	0	175,612
Buildings and Improvements	69,177,610	69,880,163
Equipment and Vehicles	<u>1,981,265</u>	<u>1,690,868</u>
Total Net Capital Assets	<u><u>\$72,227,375</u></u>	<u><u>\$72,815,143</u></u>

Overall, net capital assets decreased mainly due to current depreciation expense exceeding current year additions.

See Note 6 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2015, the District had \$10,618,411 in bonds and capital leases outstanding, \$1,027,105 due within one year. Table 5 summarizes debt outstanding.

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Management's Discussion and Analysis
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Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2015	2014
Bonds and Leases Payables:		
Ohio School Facility Project Bond	\$0	\$1,060,000
Refunding Bonds:		
Current Interest Bonds		
Classroom Facilities	7,630,000	7,745,000
Capital Appreciation Bonds	20,000	20,000
Interest Accretion on Capital Appreciation Bonds	1,367,477	1,312,237
Accrued Premium on Refunding Bonds	14,245	15,745
Capital Lease	777,000	952,000
Bus Garage Lease	809,689	932,271
Total Bonds and Leases	<u>\$10,618,411</u>	<u>\$12,037,253</u>

See Notes 7 and 10 to the basic financial statements for further details on the District's long-term obligations.

For the Future

The economic climate at this time is that the economy has shown signs of improvement but growth has been very slow. The housing sector is still in a serious slump or decline due the sub-prime mortgage fallout but is showing some signs of recovery. Foreclosures and vacant properties are still very common. The condition of the housing sector means that property tax revenue will continue to be hurt by delinquent collections and reduced valuations. New construction within the District is almost non-existent but one new housing subdivision is under construction. The District's assessed property valuation has declined in the County Auditor's 2014 tri-annual appraisal from \$248,592,720 to \$229,460,600 resulting in a d loss of \$103,628 in tax revenue to the General Fund for FY15. Real estate tax revenues are expected to grow very slowly if any until valuations improve.

The District's native enrollment had been declining but enrollment has now recovered and climbed to 3,863 since the District opened enrollment to outside students beginning in FY12. There were 554 open enrollment students in FY15 and over 550 have enrolled for FY16. The District is funded on a per-student basis and is not on the "guarantee" for Foundation funding. Open enrollment brought in \$3,051,493 funding in addition to the regular State foundation funding of \$25,241,565 in FY15. The new Ohio biennium budget is projected to increase funding for Mad River by 3.4% (\$833,919) for FY16 and 2.5% (\$622,758) for FY17.

Real Estate Tax revenues for the District had been increasing in recent years with the passage of a new 5.9 mill continuing levy to fund operations at the March 2012 election until the County Auditors tri-annual reappraisal reversed that trend by lowering appraised property values by 8%. Total real estate taxes for the general fund are projected to be about the same in FY16 according to the County Auditor's office.

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The District has run a surplus for the last three fiscal years and now has a General fund cash balance of \$16,977,367 at June 30, 2015 which is up from \$14,647,554 at the beginning of FY15. A surplus is projected again for FY16 but it is expected to be smaller than in previous years.

Current Management operates under the principle that budgeted expenditures shall not exceed expected revenues, and to maintain at least three months' worth of expenses in reserve fund balance. No new operating tax levies are projected to be required for at least another five years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and maintain a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jerry Ellender, Treasurer at Mad River Local School District, 801 Old Harshman Road, Riverside, Ohio 45431. By phone at 937-259-6610 or by e-mail at jerry.ellender@madriverschools.org.

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Mad River Local School District, Ohio
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$21,531,952
Receivables (Net):	
Taxes	10,864,931
Accounts	4,644
Interest	14,752
Intergovernmental	539,883
Inventory	18,595
Nondepreciable Capital Assets	1,068,500
Depreciable Capital Assets, Net	71,158,875
Total Assets	105,202,132
Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	416,873
	4,050,201
Total Deferred Outflows of Resources	4,467,074
Liabilities:	
Accounts Payable	394,649
Accrued Wages and Benefits	4,579,997
Accrued Interest Payable	26,267
Long-Term Liabilities:	
Due Within One Year	1,314,324
Due In More Than One Year:	
Net Pension Liability	51,095,398
Other Amounts	12,010,682
Total Liabilities	69,421,317
Deferred Inflows of Resources:	
Property Taxes	9,214,449
Pension	9,239,903
Total Deferred Inflows of Resources	18,454,352
Net Position:	
Net Investment in Capital Assets	63,393,314
Restricted for:	
Debt Service	420,549
Capital Projects	1,408,862
Food Service	223,633
Classroom Facilities Maintenance	403,159
District Managed Student Activities	311,407
State Grants	48,176
Federal Grants	8,336
Other Purposes	63,114
Unrestricted	(44,487,013)
Total Net Position	\$21,793,537

See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating Grants	Governmental
	Expenses	Services and Sales	and Contributions	Activities
Governmental Activities:				
Instruction:				
Regular	\$16,997,140	\$3,708,084	\$1,176,840	(\$12,112,216)
Special	6,685,088	278,579	4,051,841	(2,354,668)
Vocational	2,161,608	0	1,151,235	(1,010,373)
Other	1,771,235	0	0	(1,771,235)
Support Services:				
Pupil	3,085,837	0	0	(3,085,837)
Instructional Staff	1,493,214	0	33,993	(1,459,221)
General Administration	84,237	0	0	(84,237)
School Administration	2,640,550	0	0	(2,640,550)
Fiscal	602,489	0	1,084	(601,405)
Operations and Maintenance	4,018,070	15,107	147,917	(3,855,046)
Pupil Transportation	1,439,515	142,872	112,128	(1,184,515)
Central	491,380	0	2,633	(488,747)
Operation of Non-Instructional Services	2,776,964	651,262	2,210,811	85,109
Extracurricular Activities	728,314	180,853	0	(547,461)
Interest and Fiscal Charges	509,726	0	0	(509,726)
Totals	<u>\$45,485,367</u>	<u>\$4,976,757</u>	<u>\$8,888,482</u>	<u>(31,620,128)</u>

General Revenues:

Property Taxes Levied for:

General Purposes	9,524,783
Special Revenue Purposes	97,904
Debt Service Purposes	1,151,230
Grants and Entitlements, Not Restricted	23,523,198
Unrestricted Contributions	30,643
Investment Earnings	84,613
Other Revenues	<u>227,595</u>

Total General Revenues 34,639,966

Change in Net Position 3,019,838

Net Position - Beginning of Year, Restated 18,773,699

Net Position - End of Year \$21,793,537

See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$18,407,816	\$3,124,136	\$21,531,952
Receivables (Net):			
Taxes	9,607,350	1,257,581	10,864,931
Accounts	2,000	2,644	4,644
Interest	14,752	0	14,752
Intergovernmental	25,417	514,466	539,883
Interfund	272,003	14,366	286,369
Inventory	0	18,595	18,595
Total Assets	<u>28,329,338</u>	<u>4,931,788</u>	<u>33,261,126</u>
Liabilities:			
Accounts Payable	272,533	122,116	394,649
Accrued Wages and Benefits	4,030,622	549,375	4,579,997
Compensated Absences	74,795	0	74,795
Interfund Payable	0	286,369	286,369
Total Liabilities	<u>4,377,950</u>	<u>957,860</u>	<u>5,335,810</u>
Deferred Inflows of Resources:			
Property Taxes	8,150,113	1,064,336	9,214,449
Grants and Other Taxes	0	125,895	125,895
Unavailable Revenue	727,829	98,030	825,859
Total Deferred Inflows of Resources	<u>8,877,942</u>	<u>1,288,261</u>	<u>10,166,203</u>
Fund Balances:			
Restricted	0	2,898,162	2,898,162
Committed	541,363	0	541,363
Assigned	372,677	0	372,677
Unassigned	14,159,406	(212,495)	13,946,911
Total Fund Balances	<u>15,073,446</u>	<u>2,685,667</u>	<u>17,759,113</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$28,329,338</u>	<u>\$4,931,788</u>	<u>\$33,261,126</u>

See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balance		\$17,759,113
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds		72,227,375
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	825,859	
Intergovernmental	<u>125,895</u>	
		951,754

In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(26,267)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

Compensated Absences		(2,631,800)
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Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.

416,873

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	4,050,201	
Deferred inflows of resources related to pensions	<u>(9,239,903)</u>	
		(5,189,702)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability	(51,095,398)	
Other Amounts	<u>(10,618,411)</u>	
		(61,713,809)

Net Position of Governmental Activities		<u><u>\$21,793,537</u></u>
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See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$9,689,188	\$1,272,199	\$10,961,387
Tuition and Fees	3,976,406	0	3,976,406
Investment Earnings	84,613	0	84,613
Intergovernmental	27,823,632	4,601,636	32,425,268
Extracurricular Activities	160,520	164,876	325,396
Charges for Services	0	651,262	651,262
Other Revenues	131,597	126,742	258,339
Total Revenues	41,865,956	6,816,715	48,682,671
Expenditures:			
Current:			
Instruction:			
Regular	16,016,731	262,354	16,279,085
Special	4,838,292	1,739,251	6,577,543
Vocational	1,811,854	57,600	1,869,454
Other	1,753,450	0	1,753,450
Support Services:			
Pupil	3,037,947	0	3,037,947
Instructional Staff	1,495,246	39,557	1,534,803
General Administration	85,106	0	85,106
School Administration	2,595,167	0	2,595,167
Fiscal	598,594	20,833	619,427
Operations and Maintenance	3,726,425	477,065	4,203,490
Pupil Transportation	2,667,026	0	2,667,026
Central	487,178	11,092	498,270
Operation of Non-Instructional Services	13,384	2,780,620	2,794,004
Extracurricular Activities	550,551	199,092	749,643
Debt Service:			
Principal Retirement	297,582	1,175,000	1,472,582
Interest and Fiscal Charges	70,086	346,288	416,374
Total Expenditures	40,044,619	7,108,752	47,153,371
Excess of Revenues Over (Under) Expenditures	1,821,337	(292,037)	1,529,300
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	30,435	0	30,435
Total Other Financing Sources (Uses)	30,435	0	30,435
Net Change in Fund Balance	1,851,772	(292,037)	1,559,735
Fund Balance - Beginning of Year	13,221,674	2,977,704	16,199,378
Fund Balance - End of Year	\$15,073,446	\$2,685,667	\$17,759,113

See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net Change in Fund Balance - Total Governmental Funds \$1,559,735

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

Governmental funds report capital asset additions as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation
expense. This is the amount of the difference between capital
asset additions and depreciation in the current period.

Capital assets used in governmental activities	1,590,775	
Depreciation Expense	(2,171,699)	
		(580,924)

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the statement
of activities, a gain or loss is reported for each disposal. The
amount of the proceeds must be removed and the gain or loss
on the disposal of capital assets must be recognized. This is the
amount of the difference between the proceeds and the gain or loss.

(6,844)

Governmental funds report district pension contributions as
expenditures. However in the Statement of Activities, the cost
of pension benefits earned net of employee contributions is
reported as pension expense.

District pension contributions	3,568,766	
Cost of benefits earned net of employee contributions	(2,478,837)	
		1,089,929

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Delinquent Property Taxes	(187,470)	
Intergovernmental	(13,587)	
		(201,057)

Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

1,472,582

In the statement of activities interest expense is accrued when incurred;
whereas, in governmental funds an interest expenditure is reported
when due.

4,269

Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Compensated Absences	(220,231)	
Amortization of Bond Premium	1,500	
Amortization of Deferred Charge on Refunding	(43,881)	
Bond Accretion	(55,240)	
		(317,852)

Change in Net Position of Governmental Activities		\$3,019,838
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See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$5,082	\$76,237
Total Assets	5,082	76,237
Liabilities:		
Accounts Payable	0	3,188
Other Liabilities	0	73,049
Total Liabilities	0	\$76,237
Net Position:		
Held in Trust	5,082	
Total Net Position	\$5,082	

See accompanying notes to the basic financial statements.

Mad River Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
Additions:	
Donations	<u>\$2,349</u>
Total Additions	<u>2,349</u>
Deductions:	
Other	<u>3,000</u>
Total Deductions	<u>3,000</u>
Change in Net Position	(651)
Net Position - Beginning of Year	<u>5,733</u>
Net Position - End of Year	<u>\$5,082</u>

See accompanying notes to the basic financial statements.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 1 – Description of the District

The Mad River Local School District (the “District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services. Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education has the ability to exercise direct operating control.

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14/39/61, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds and account groups of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities. The District is associated with three organizations that are defined as jointly governed organizations. These organizations are the Montgomery County Educational Service Center, Metropolitan Dayton Educational Cooperative Association and the Southwestern Ohio Educational Purchasing Council. These organizations are presented in Note 18.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information. The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. The focus of government fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

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

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

Fiduciary Funds

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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

accounts for scholarship programs for students. The District has a student activity agency fund which accounts for assets and liabilities generated by student managed activities.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is represented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2015 amounted to \$84,613 in the general fund and \$0 in the other governmental funds.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The District does not possess any infrastructure. Improvements are capitalized; the costs of

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5 - 50 years
Equipment and Vehicles	5 - 20 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about 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.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vested payment method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	20 days per year	10-20 days for each service year depending on length of service – bonus of maximum 5 days eligible
Maximum Accumulation	Not Applicable	Not Applicable	Not Applicable

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Used prior to termination	Used prior to termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	328 days	328 days	328 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/4 paid upon retirement	1/4 paid upon retirement	1/4 paid upon retirement

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$2,887,236 restricted net position reported at fiscal year end, none were restricted by enabling legislation.

Interfund Activity

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided are not eliminated in the process of consolidation.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used. The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted assets are available.

Estimates

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

Note 3 – Equity In Pooled Cash And Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than five years from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution that are not FDIC insured.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2015, \$12,739,596 of the District's bank balance of \$12,994,816 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool that are not FDIC insured.

Investments

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

	Fair Value	Weighted Average Maturity (Years)
Money Market Funds	\$5,800	0.00
STAROhio	24,433	0.15
Federal Home Loan Bank	405,096	1.25
Federal Home Loan Mortgage Corporation	3,227,246	2.04
Federal National Mortgage Association	4,421,690	2.69
U.S. Treasury Note	800,375	0.34
	<u>\$8,884,640</u>	
Portfolio Weighted Average Maturity		2.17

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and U.S. Treasury Notes, were rated AA+ by Standard and Poor's and Fitch ratings and Aaa by Moody's Investors Service. STAROhio was rated AAAM by Standards & Poor's, while the Money Market Fund was not rated.

Concentration of Credit Risk – The District's investment policy allows investments in U.S. Agencies or Instrumentalities as well as other investments permitted by Ohio Law. The District has invested less

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

than 1% of the District's investments in Money Market Funds, less than 1% in STAR Ohio, 4% in Federal Home Loan Bank, 36% in Federal Home Loan Mortgage Corporation, 49% in Federal National Mortgage Association, and 9% in U.S. Treasury Notes.

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. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014 on the assessed value listed 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.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien 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 currently is assessed at varying percentages of true value

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2016 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2015 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2015. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2015, was \$729,408 for General Fund and \$95,215 for Other Governmental Funds.

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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

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

	2015 First Half Amount	2014 First Half Amount
Agricultural/Residential and Other Real Estate	\$217,798,480	\$237,370,780
Public Utility Personal	11,342,660	11,011,080
Total	<u>\$229,141,140</u>	<u>\$248,381,860</u>

Note 5 – Receivables

Receivables at June 30, 2015, consisted of taxes, accounts, interest, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,068,500	\$0	\$0	\$1,068,500
Construction in Progress	175,612	0	175,612	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	87,084,907	1,086,614	0	88,171,521
Equipment and Vehicles	<u>5,577,963</u>	<u>679,773</u>	<u>327,790</u>	<u>5,929,946</u>
Totals at Historical Cost	<u>93,906,982</u>	<u>1,766,387</u>	<u>503,402</u>	<u>95,169,967</u>
Less Accumulated Depreciation:				
Buildings and Improvements	17,204,744	1,789,167	0	18,993,911
Equipment and Vehicles	<u>3,887,095</u>	<u>382,532</u>	<u>320,946</u>	<u>3,948,681</u>
Total Accumulated Depreciation	<u>21,091,839</u>	<u>2,171,699</u>	<u>320,946</u>	<u>22,942,592</u>
Governmental Activities Capital Assets, Net	<u>\$72,815,143</u>	<u>(\$405,312)</u>	<u>\$182,456</u>	<u>\$72,227,375</u>

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,013,232
Special	233,231
Vocational	423,222
Other Instruction	11,014
Support Services:	
Pupil	88,887
School Administration	71,567
Operations and Maintenance	157,546
Pupil Transportation	106,162
Operation of Non-Instructional Services	63,978
Extracurricular Activities	2,860
Total Depreciation Expense	<u>\$2,171,699</u>

Note 7 - Long-Term Liabilities

	Interest Rate	Restated Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:						
Bonds:						
2002 School Facilities Project	5.15%	\$1,060,000	\$0	\$1,060,000	\$0	\$0
2006 Refunding Classroom Facilities - Current Interest	3.75-4.25%	7,745,000	0	115,000	7,630,000	0
2006 Refunding Classroom Facilities - Capital						
Appreciation Bonds	4.08-4.13%	20,000	0	0	20,000	10,000
Interest Accretion on Capital Appreciation Bonds		1,312,237	55,240	0	1,367,477	710,000
Premium on 2006 Refunding Bonds		15,745	0	1,500	14,245	0
Total Bonds		<u>10,152,982</u>	<u>55,240</u>	<u>1,176,500</u>	<u>9,031,722</u>	<u>720,000</u>
Net Pension Liability:						
STRS		49,557,045	0	7,841,852	41,715,193	0
SERS		<u>11,025,176</u>	<u>0</u>	<u>1,644,971</u>	<u>9,380,205</u>	<u>0</u>
Total Net Pension Liability		60,582,221	0	9,486,823	51,095,398	0
OASBO Capital Lease	4.47%	952,000	0	175,000	777,000	182,000
Bus Garage Lease	3.00%	<u>932,271</u>	<u>0</u>	<u>122,582</u>	<u>809,689</u>	<u>125,105</u>
Total Long Term Debt		72,619,474	55,240	10,960,905	61,713,809	1,027,105
Compensated Absences		<u>2,452,725</u>	<u>487,340</u>	<u>233,470</u>	<u>2,706,595</u>	<u>287,219</u>
Total Governmental Activities		<u>\$75,072,199</u>	<u>\$542,580</u>	<u>\$11,194,375</u>	<u>\$64,420,404</u>	<u>\$1,314,324</u>

General obligation bonds will be paid from the debt service fund. Capital lease will be paid out of the general fund. Compensated absences will be paid from the fund from which the person is paid.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Mad River Local School District
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For The Fiscal Year Ended June 30, 2015

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$0	\$313,513	\$313,513	\$10,000	\$710,000	\$720,000
2017	0	313,513	313,513	10,000	715,000	725,000
2018	730,000	298,913	1,028,913	0	0	0
2019	820,000	267,913	1,087,913	0	0	0
2020	855,000	234,413	1,089,413	0	0	0
2021-2025	5,225,000	579,396	5,804,396	0	0	0
Total	<u>\$7,630,000</u>	<u>\$2,007,661</u>	<u>\$9,637,661</u>	<u>\$20,000</u>	<u>\$1,425,000</u>	<u>\$1,445,000</u>

Note 8 – Retirement Incentives

In addition to, and separate of severance pay, any qualifying employee who retires under any of Ohio's public employee retirement systems will receive a Retirement Incentive of \$10,000 if the employee has thirty (30) years of service credit or \$1,000 if the employee has thirty-one (31) or more years of service credit.

To qualify for the \$10,000 incentive bonus, an employee must give written notice to the Director of Human Resources by no later than March 1 of the year he/she first becomes eligible for full retirement. To qualify for the \$1,000 bonus, an employee must file written notice to the Director of Human Resources by no later than March 1 of the year of retirement.

Further qualifications for the Retirement Incentive are as follows:

1. The employee must have completed no less than 5 consecutive years in paid status employment with the District, immediately preceding the effective date of retirement, and must be on paid status at the time of retirement.
2. Persons on disability retirement will not be eligible for either bonus.
3. The employee must have completed no less than 10 years of service for the Mad River School District by the effective date of retirement.
4. The effective date of retirement must be no earlier than after the last work day of the given school year, and must be no later than by June 30 of the year the notice was given.

An Employee who is eligible for retirement, as above, and misses his/her March 1 deadline for notice forfeits his/her right to receive either bonus. The amount of the bonus will not be included in any calculations to determine the employee's salary for retirement purposes. An Employee shall forfeit his/her right to either Retirement Incentive if his/her teaching contract is terminated for good and just cause. All Eligibility and qualification requirements are subject to verification.

The Board shall pay the \$10,000 Retirement Incentive in two equal installments. The first installment will be paid no later than by the following January 15; thereafter, the second installment will be paid by the following June 30. The Board shall pay the \$1,000 Retirement Incentive in the same payroll period as the severance pay.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

The liability for fiscal year 2015 retirement incentives (bonus) is \$0.

Note 9 – Prior Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. As of June 30, 2015 all of the defeased debt was paid off. The original maturities of these bonds were fiscal year 2016 through 2024 with a call date of December 1, 2012 for all outstanding bonds.

Note 10 – Capital Leases – Lessee Disclosure

In a prior year the District entered into a lease with the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned National City Bank as trustee. The lease is renewable annually and expires in 2019. The intention of the District is to renew the lease annually. The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.47% plus an annual administrative fee.

The original amount of \$2,335,000 was capitalized as building and improvement addition in 2006. The District made \$175,000 in principal payments for fiscal year 2015. The principal amount owed on the lease at year end is \$777,000.

The original amount of \$932,271 will be capitalized as a building and improvement addition in 2015. The District made \$122,582 in principal payments for fiscal year 2015. The principal amount owed on the leases at year end is \$809,689.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2015. The capital lease will be paid out of the general fund.

Fiscal Year Ending June 30	
2016	\$360,991
2017	360,756
2018	360,169
2019	360,049
2020	148,465
2021	148,466
Total Minimum Lease Payments	\$1,738,896
Amount Representing Interest and Additional program cost component	(152,207)
Present Value of Minimum Lease Payments	<u>\$1,586,689</u>

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

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

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

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

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

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

The District's contractually required contribution to SERS was \$909,528 for fiscal year 2015. Of this amount \$170,019 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

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

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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

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

The District's contractually required contribution to STRS was \$2,659,236 for fiscal year 2015. Of this amount \$446,552 is reported as accrued wages and benefits.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

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

The net pension liability was measured as of June 30, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,380,205	\$41,715,193	\$51,095,398
Proportion of the Net Pension Liability	0.18534500%	0.17150188%	
Pension Expense	551,633	1,927,204	2,478,837

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$79,836	\$401,599	\$481,435
District contributions subsequent to the measurement date	<u>909,530</u>	<u>2,659,236</u>	<u>3,568,766</u>
Total Deferred Outflows of Resources	<u>\$989,366</u>	<u>\$3,060,835</u>	<u>\$4,050,201</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$1,522,434</u>	<u>\$7,717,469</u>	<u>\$9,239,903</u>

\$3,568,766 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$360,649)	(\$1,828,967)	(\$2,189,616)
2017	(360,649)	(1,828,967)	(2,189,616)
2018	(360,650)	(1,828,968)	(2,189,618)
2019	(360,650)	(1,828,968)	(2,189,618)
Total	<u>(\$1,442,598)</u>	<u>(\$7,315,870)</u>	<u>(\$8,758,468)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 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.

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$13,382,765	\$9,380,205	\$6,013,706

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

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:

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' 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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$59,719,846	\$41,715,193	\$26,489,314

Note 12 - Post Employment 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 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 \$94,225.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$147,497, \$87,647, and \$99,727, respectively. For fiscal year 2015, 81 percent has been contributed, with the balance being reported as accrued wages and benefits. The full amount has been contributed for fiscal years 2014 and 2013.

State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org 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 District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$173,000, and \$168,609 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

Note 13 – Contingent Liabilities

Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% co-insured with \$5,000 deductible.

There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the last three fiscal years.

Note 15 – Set-Aside Calculation

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

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2014	\$0
Current Year Set Aside Requirements	650,168
Qualified Disbursements	(906,430)
Set Aside Reserve Balance as of June 30, 2015	(256,262)
Restricted Cash as of June 30, 2015	\$0
Carried Forward as of June 30, 2015	(\$14,423,465)

Offset credits for capital activity during the year exceeded the amount required for the set-aside. \$14,423,465 from the FY2002 building project is available to offset future capital reserve requirements.

Note 16 – Interfund Transactions

Interfund transactions at June 30, 2015, consisted of the following interfund receivables and interfund payables:

	Interfund Receivable	Payable
General Fund	\$272,003	\$0
Other Governmental Funds	14,366	286,369
Total All Funds	\$286,369	\$286,369

Interfund balances are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 17 – Accountability

The following individual funds had a deficit balance at year end:

Fund	Amounts
Special Revenue Funds:	
Early Childhood Education Expansion	\$1,838
Special Education	68,810
Vocational Education	1,444
Title I	130,942
Improving Teacher Quality	8,846
Title III	615

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 18 – Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association

The Metropolitan Dayton Educational Cooperative Association (MDECA) is a jointly governed organization consisting of Dayton area school 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. MDECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District made payments of \$76,745 to MDECA in fiscal year 2015. Financial information can be obtained from Dean Reineke, who serves as the Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (EPC) is a council of governments with over 40 years of shared services experience, pooling the purchasing power of over 130 Ohio School Districts. Member districts benefit from the EPC's ability to aggregate volumes on goods and services such as health insurance; liability, fleet and property insurance; utilities; group rating; as well as food; classroom and office supplies; furniture; medical supplies and much more. The District made payments of \$300 to EPC in fiscal year 2015.

Montgomery County Educational Service Center

The Montgomery County Educational Service Center (MCESC) supports a system for strong collaborative linkages of the major stakeholders: districts, educational providers, students, parents, and the public at large. Through these combined efforts, the Center works actively to support the schools' continuous improvement processes by offering a broad range of quality services and programs. These cooperative efforts are designed to strengthen the capacity of the districts to achieve quality and cost-effective programs. The District made payments of \$871,030 to MCESC in fiscal year 2015. Financial information can be obtained from Chris Fox, who serves as the Treasurer, at 200 South Keowee Street, Dayton, Ohio 45462.

Note 19 – Insurance Purchasing Pool/Public Entity Shared Risk Pool

Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan – The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various GRP representatives that are elected by general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Employee Benefit Plan Trust - The Southwestern Ohio Educational Purchasing Council Benefit Plan (the Plan) is a public entity shared risk pool consisting of 55 school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Plan is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participant decides which plans offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Plan and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 20 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
Restricted for:			
Other Grants	0	43,067	43,067
Student Activity	0	311,407	311,407
Auxiliary Services	0	44,789	44,789
Career Development	0	3,229	3,229
Title VI	0	1,115	1,115
Food Service	0	334,760	334,760
Classroom Facilities Maintenance	0	395,306	395,306
Debt Service	0	355,627	355,627
OSFC Local Initiative	0	639,672	639,672
Capital Outlay	0	769,190	769,190
Total Restricted	0	2,898,162	2,898,162
Committed to:			
Termination Benefits	541,363	0	541,363
Total Committed	541,363	0	541,363
Assigned to:			
Encumbrances	221,653	0	221,653
Public Schools	151,024	0	151,024
Total Assigned	372,677	0	372,677
Unassigned (Deficit)	14,159,406	(212,495)	13,946,911
Total Fund Balance	\$15,073,446	\$2,685,667	\$17,759,113

Mad River Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 21 – Change in Accounting Principles

The District adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement Number 68. GASB Statement Number 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 and have been implemented by the District. GASB Statement Number 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources of its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Note 22 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2015, the District implemented the 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.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$76,148,728
Adjustments:	
Net Pension Liability	(60,582,221)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>3,207,192</u>
Restated Net Position June 30, 2014	<u><u>\$18,773,699</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

REQUIRED SUPPLEMENTARY INFORMATION

Mad River Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$9,042,041	\$9,317,774	\$9,317,774	\$0
Tuition and Fees	3,460,680	3,566,212	3,566,212	0
Investment Earnings	56,543	58,267	58,267	0
Intergovernmental	27,027,076	27,851,254	27,851,254	0
Other Revenues	87,874	90,554	90,554	0
Total Revenues	39,674,214	40,884,061	40,884,061	0
Expenditures:				
Current:				
Instruction:				
Regular	15,339,006	15,918,605	15,750,461	168,144
Special	4,705,475	4,883,276	4,831,695	51,581
Vocational	1,840,599	1,910,147	1,889,971	20,176
Student Intervention Services	1,517,547	1,574,889	1,558,254	16,635
Support Services:				
Pupil	2,954,397	3,066,032	3,033,646	32,386
Instructional Staff	1,458,978	1,514,107	1,498,114	15,993
General Administration	89,009	92,373	91,397	976
School Administration	2,552,412	2,648,857	2,620,878	27,979
Fiscal	603,266	626,061	619,448	6,613
Operations and Maintenance	3,610,247	3,746,664	3,707,089	39,575
Pupil Transportation	1,748,245	1,814,304	1,795,140	19,164
Central	455,267	472,470	467,479	4,991
Extracurricular Activities	538,445	558,790	552,888	5,902
Capital Outlay	213,478	221,544	219,204	2,340
Total Expenditures	37,626,371	39,048,119	38,635,664	412,455
Excess of Revenues Over (Under) Expenditures	2,047,843	1,835,942	2,248,397	412,455
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	29,534	30,435	30,435	0
Transfers (Out)	(243,469)	(252,669)	(250,000)	2,669
Total Other Financing Sources (Uses)	(213,935)	(222,234)	(219,565)	2,669
Net Change in Fund Balance	1,833,908	1,613,708	2,028,832	415,124
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	14,647,556	14,647,556	14,647,556	0
Fund Balance - End of Year	\$16,481,464	\$16,261,264	\$16,676,388	\$415,124

See accompanying notes to the required supplementary information.

Mad River Local School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2015

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2015.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for (budget basis) rather than as an assigned fund balance for general fund (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Mad River Local School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2015

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,851,772
Revenue Accruals	(981,895)
Expenditure Accruals	1,806,135
Transfers Out	(250,000)
Encumbrances	(300,969)
Funds Budgeted Elsewhere	<u>(96,211)</u>
Budget Basis	<u><u>\$2,028,832</u></u>

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Mad River Local School District
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.17150188%	0.17150188%
District's Proportionate Share of the Net Pension Liability	\$41,715,193	\$49,557,045
District's Covered-Employee Payroll	\$17,699,511	\$17,193,301
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.69%	288.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) - Information prior to 2013 is not available

Mad River Local School District
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.185345%	0.185345%
District's Proportionate Share of the Net Pension Liability	\$9,380,205	\$11,025,176
District's Covered-Employee Payroll	\$5,342,531	\$5,074,736
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.58%	217.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) - Information prior to 2013 is not available

Mad River Local School District
Required Supplementary Information
Schedule of District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$2,659,236	\$2,453,186	\$2,360,520	\$2,786,532	\$2,877,672	\$2,679,624	\$2,471,052	\$2,435,076	\$2,492,100	\$2,294,628
Contributions in Relation to the Contractually Required Contribution	<u>(2,659,236)</u>	<u>(2,453,186)</u>	<u>(2,360,520)</u>	<u>(2,786,532)</u>	<u>(2,877,672)</u>	<u>(2,679,624)</u>	<u>(2,471,052)</u>	<u>(2,435,076)</u>	<u>(2,492,100)</u>	<u>(2,294,628)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$19,287,909	\$17,699,511	\$17,193,301	\$18,731,331	\$19,133,216	\$18,230,083	\$16,993,942	\$16,800,296	\$15,989,207	\$16,199,300
Contributions as a Percentage of Covered-Employee Payroll	13.79%	13.86%	13.73%	14.88%	15.04%	14.70%	14.54%	14.49%	15.59%	14.16%

Mad River Local School District
Required Supplementary Information
Schedule of District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$909,528	\$754,006	\$875,592	\$982,008	\$942,744	\$870,396	\$805,152	\$743,004	\$752,712	\$739,032
Contributions in Relation to the Contractually Required Contribution	(909,528)	(754,006)	(875,592)	(982,008)	(942,744)	(870,396)	(805,152)	(743,004)	(752,712)	(739,032)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$5,570,426	\$5,342,531	\$5,074,736	\$4,993,024	\$5,157,297	\$4,967,249	\$4,926,407	\$4,747,917	\$4,392,117	\$4,236,173
Contributions as a Percentage of Covered-Employee Payroll	16.33%	14.11%	17.25%	19.67%	18.28%	17.52%	16.34%	15.65%	17.14%	17.45%

APPENDIX B
BUDGET APPROPRIATIONS

APPROPRIATION RESOLUTION
City, Exempted Village, Joint Vocational or Local Board of Education
Rev.Code Sec. 5705.38

The Board of Education of the Mad River Local School District,
Montgomery County, Ohio, met in regular session on the 28th day of January,
2016, at the office of Administration with the following members present:

Cristina Pickle
Marilyn Steiner
Scott Huddle
Ruth Newhouse
Julie Denning

moved the adoption of the following Resolution:

BE IT RESOLVED by the Board of Education of the Mad River Local
School District, Montgomery County, Ohio, that to provide for
the current expenses and other expenditures of said Board of Education, during
the fiscal year, ending June 30, 2016, the following sums be and the
same are hereby set aside and appropriated for the several purposes for which
expenditures are to be made and during said fiscal year, as follows, viz:

Date: 02/05/16
Time: 3:49 pm

Mad River Local School
Appropriation Resolution Report
JAN FY16 Appropriation

Page: 1
(APPRES)

	2016 Appropriations	Prior FY Carry Over	Total Appropriation
001 0000 GENERAL FUND	39,556,783.57	200,208.63	39,756,992.20
001 9000 MATERIALS & SUPPLIES	649,068.00	58,376.32	707,444.32
001 900E Tech/E-Rate Fund	539,598.11	42,384.00	581,982.11
002 0000 BOND RETIREMENT	1,052,715.50	.00	1,052,715.50
004 0000 OSFC LOCAL INITIATIVES	89,672.02	.00	89,672.02
004 9008 OSFC LFI	550,000.38	.00	550,000.38
005 0000 CAPITAL OUTLAY	200,000.00	67,000.00	267,000.00
006 9090 FOOD SERVICE	2,140,100.00	17,318.87	2,157,418.87
007 9011 STEBBINS HS-TEACHERS LOUNGE VENDING	2,200.00	.00	2,200.00
007 9012 STEBBINS HS-CELEBRATIONS FUND	450.00	.00	450.00
007 9016 STEBBINS HS-SCHOOL PRIDE SCHOLARSHIP	1,000.00	.00	1,000.00
007 9018 MRREO - SCHOLARSHIP FUND	1,500.00	.00	1,500.00
007 9019 MAD RIVER MS-CAMP KERN	20,200.00	.00	20,200.00
007 9021 TRANSPORTATION DEPT - VENDING	150.00	.00	150.00
007 9050 SPINNING HILLS MS-VENDING MACHINE	1,000.00	248.02	1,248.02
007 9051 SPINNING HILLS MS-SCHOLARSHIP FUND	1,200.00	.00	1,200.00
007 9053 ADMINISTRATION - SUNSHINE ACCT	350.00	.00	350.00
007 9055 CENTRAL OFFICE - FLOWER FUND	200.00	49.05	249.05
007 9115 V STEVENSON ELEMENTARY-VENDING	300.00	.00	300.00
007 9116 BRANTWOOD - SUNSHINE FUND	350.00	.00	350.00
007 9117 CENTRAL OFFICE-VENDING	3,000.00	.00	3,000.00
007 9118 SAVILLE ELEMENTARY-CELEBRATION FUND	100.00	.00	100.00
009 9010 UNIFORM SCHOOL SUPPLIES - STEVENSON	6,500.00	675.61	7,175.61
009 9020 UNIFORM SCHOOL SUPPLIES - BRANTWOOD	6,000.00	28.63	6,028.63
009 9030 UNIFORM SCHOOL SUPPLIES - SAVILLE	7,000.00	100.00	7,100.00
009 9040 UNIFORM SCHOOL SUPPLIES - BEVERLY GA	5,000.00	2,121.41	7,121.41
009 9050 UNIFORM SCHOOL SUPPLIES - SPINNING 5	18,000.00	1,015.15	19,015.15
009 9060 UNIFORM SCHOOL SUPPLIES - MAD RIVER	15,000.00	4,818.42	19,818.42
009 9070 UNIFORM SCHOOL SUPPLIES - STEBBINS H	47,878.28	.00	47,878.28
014 9003 INTERNAL SERVICE - TRANSPORTATION	165,038.46	500.00	165,538.46
018 9009 V STEVENSON ELEMENTARY-BOOK FAIR	4,000.00	.00	4,000.00
018 9010 V STEVENSON ELEMENTARY-PRINCIPAL ACC	18,000.00	639.53	18,639.53
018 9020 BRANTWOOD ELEMENTARY-PRINCIPAL ACCT	6,800.00	2,841.86	9,641.86
018 9023 BRANTWOOD ELEMENTARY-BOOK FAIR	5,000.00	.00	5,000.00
018 9030 SAVILLE ELEMENTARY-PRINCIPAL ACCT	10,000.00	11,420.75	21,420.75
018 9031 SAVILLE ELEMENTARY-LIBRARY/BOOK FAIR	5,000.00	.00	5,000.00
018 9040 BEVERLY GARDENS-PRINCIPAL ACCT	6,000.00	4,793.09	10,793.09
018 9041 BEVERLY GARDENS - ELEM BOOK FAIR	4,746.83	.00	4,746.83
018 9050 SPINNING HILLS MS-PRINCIPAL'S ACCT	33,000.00	395.92	33,395.92
018 9060 MAD RIVER MS-PRINCIPAL'S ACCT	9,400.00	11.62	9,411.62
018 9061 MAD RIVER MS-LIBRARY/BOOK FAIR	1,500.00	.00	1,500.00
018 9070 STEBBINS HS-PRINCIPAL ACCT	2,000.00	402.38	2,402.38
018 9075 MREAP Principals Fund	400.00	.00	400.00
018 9090 Preschool - Principal's Fund	23,504.00	109.50	23,613.50
019 9014 UHC WELLNESS GRANT	10,000.00	1,711.86	11,711.86
019 9017 Learn To Earn - Bell Grant	75,000.00	.00	75,000.00
019 9066 School Supplies Donations	601.00	.00	601.00
020 9010 BEFORE & AFTER SCHOOL PROGRAM - VIRG	46,652.00	28,267.46	74,919.46
020 9020 BEFORE & AFTER SCHOOL PROGRAM - BRAN	53,895.00	50,436.90	104,331.90
020 9030 BEFORE & AFTER SCHOOL PROGRAM - SAVI	52,115.00	21,235.03	73,350.03
020 9050 BASE - SPINNING HILLS MIDDLE SCHOOL	30,125.00	12,389.00	42,514.00
034 0000 CLASSROOM FACILITIES MAINTENANCE	243,883.00	7,023.71	250,906.71

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Time: 3:49 pm

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	2016 Appropriations	Prior FY Carry Over	Total Appropriation
035 0000 TERMINATION BENEFITS - SEC 5705.13	89,100.00	.00	89,100.00
200 9011 STEBBINS HS-LINK CREW	840.00	.00	840.00
200 9018 STEBBINS HS-CONSTRUCTION TRADES	3,700.00	.00	3,700.00
200 9019 STEBBINS HS-FOREIGN LANGUAGE CLUB	420.00	.00	420.00
200 9021 MAD RIVER MS-CHESS CLUB	250.00	.00	250.00
200 9024 STEBBINS HS-THE EARTH CLUB	136.48-	.00	136.48-
200 9025 STEBBINS HS-PBS (POSITIVE BEHAVIORAL	100.00	.00	100.00
200 9026 STEBBINS HS-EXERCISE SCIENCE	3,150.00	.00	3,150.00
200 9107 STEBBINS HS-MACHINE TRADES	340.00	.00	340.00
200 9108 MAD RIVER MS-SCIENCE CLUB	350.00	76.07	426.07
200 9112 STEBBINS HS-DRAMA CLUB	1,000.00	.00	1,000.00
200 9114 Spinning Hills - PBS Program	4,400.00	50.50	4,450.50
200 9115 MAD RIVER MS-POSITIVE BEHAVIORAL INT	3,000.00	250.00	3,250.00
200 9122 STEBBINS HS-STUDENT SENATE	28,000.00	964.15	28,964.15
200 9124 STEBBINS HS - Skills USA	3,400.00	.00	3,400.00
200 9127 STEBBINS HS-STUDENT PUBLICATIONS	7,300.00	.00	7,300.00
200 9130 STEBBINS HS-MUSICAL THEATER	7,500.00	1,000.00	8,500.00
200 9131 STEBBINS HS-SCIENCE CLUB	236.48	.00	236.48
200 9144 MAD RIVER MS-HONOR CLUB	33,000.00	100.00	33,100.00
200 9148 STEBBINS HS-VOCATIONAL AUTO BODY	178.00	.00	178.00
200 9150 STEBBINS HS-ALLIED HEALTH	3,100.00	.00	3,100.00
200 9151 STEBBINS HS-VOCATIONAL ENGINE DESIGN	4,300.00	.00	4,300.00
200 9153 STEBBINS HS-DECA SCHOOL STORE	5,195.00	60.12	5,255.12
200 9154 STEBBINS HS-VISUAL DESIGN & IMAGING	580.00	.00	580.00
200 9155 STEBBINS HS-TECHNOLOGY ED CLUB	1,700.00	.00	1,700.00
200 9233 MAD RIVER MS-YEARBOOK	6,000.00	.00	6,000.00
200 9237 SPINNING HILLS MS-STUDENT COUNCIL	100.00	.00	100.00
200 9258 STEBBINS HS-CLASS OF 2016	2,200.00	.00	2,200.00
200 9259 STEBBINS HS-CLASS OF 2017	18,500.00	.00	18,500.00
200 9260 STEBBINS HS-CLASS OF 2018	200.00	.00	200.00
200 9261 STEBBINS HS-CLASS OF 2019	600.00	.00	600.00
300 9001 CO-EXTRA CURRICULAR/PAY TO PARTICIPA	167,965.00	2,002.50	169,967.50
300 9212 STEBBINS HS-AFJROTC	16,900.00	80.00	16,980.00
300 9214 STEBBINS HS-BAND	5,338.13	.00	5,338.13
300 9216 STEBBINS HS-SHOW CHOIR	2,500.00	.00	2,500.00
300 9221 SPINNING HILLS MS-MUSIC	11,000.00	455.63	11,455.63
300 9260 MAD RIVER MS-ATHLETIC DEPARTMENT	13,566.00	100.00	13,666.00
300 9270 STEBBINS HS-ATHLETIC DEPARTMENT	100,110.88	2,953.03	103,063.91
401 9015 EAST DAYTON CHRISTIAN FY15	27,483.51	17,206.59	44,690.10
401 9016 EAST DAYTON CHRISTIAN FY16	345,097.20	.00	345,097.20
401 9914 ST HELEN AUXILIARY FY14	.64	2,119.04	2,119.68
401 9915 ST HELEN AUXILIARY FY15	20,856.46	58,659.45	79,515.91
401 9916 ST HELEN AUXILIARY FY16	280,186.06	.00	280,186.06
439 9015 Early Childhood Expansion Grant FY15	2,210.31	.00	2,210.31
439 9016 Early Childhood Expansion Grant FY16	80,000.00	.00	80,000.00
451 9016 Data Connectivity Grant FY16	12,600.00	.00	12,600.00
506 9015 RACE TO THE TOP - FY15	.00	23,714.00	23,714.00
516 9015 IDEA PART B - FY15	130,349.08	.00	130,349.08
516 9016 IDEA - FY16	819,681.95	.00	819,681.95
524 9015 PERKINS - FY15	2,038.87	.00	2,038.87
524 9016 PERKINS - FY16	63,681.08	.00	63,681.08
551 9015 Title III LEP FY15	512.05-	1,351.63	839.58

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	2016 Appropriations	Prior FY Carry Over	Total Appropriation
551 9016 Title III LEP FY16	33,976.69	.00	33,976.69
572 9015 TITLE I - FY15	30,031.91	.00	30,031.91
572 9016 TITLE I - FY16	945,905.00	.00	945,905.00
590 9015 TITLE II-A - FY15	10,956.19	3,104.65	14,060.84
590 9016 TITLE II-A - FY16	108,971.27	.00	108,971.27
Grand Total All Funds	49,181,473.33	650,770.08	49,832,243.41

seconded the Resolution and the roll being
called upon its adoption, the vote resulted as follows:

Vote:

Cristina Pickle,
Marilyn Steiner,
Scott Huddle,
Ruth Newhouse,
Julie Denning,
,
,

CERTIFICATE
(O.R.C. 5705.412)

RE:

IT IS HEREBY CERTIFIED that the Mad River Local School District
has sufficient funds to meet the contract, obligation, payment, or expenditure
for the above, and has in effect for the remainder of the fiscal year and the
succeeding fiscal year the authorization to levy taxes which, when combined
with the estimated revenue from all other sources available to the district at
the time of certification, are sufficient to provide operating revenues
necessary to enable the district to maintain all personnel, programs, and
services essential to the provision of an adequate educational program on all
the days set forth in its adopted school calendar for the current fiscal year
and for a number of days in the succeeding fiscal year equal to the number days
instruction was held or is scheduled for the current fiscal year, except that
if the above expenditure is for a contract, this certification shall cover the
term of the contract or the current fiscal year plus the two immediately
succeeding fiscal years, whichever period of years is greater.

DATED: _____

BY: _____
Treasurer

BY: _____
Superintendent of Schools

BY: _____
President, Board of Education

Date: 02/05/16
Time: 3:49 pm

Mad River Local Schools
Appropriation Recap Sheet
JAN FY16 Appropriation

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Fund Class/Name	Fund	2016 Appropriations
*** Governmental Fund Types ***		
General Fund		
GENERAL	001	40,745,449.68
Total General Fund		40,745,449.68
Special Revenue		
PUBLIC SCHOOL SUPPORT	018	129,350.83
OTHER GRANT	019	85,601.00
CLASSROOM FACILITIES MAINT.	034	243,883.00
TERMINATION BENEFITS - HB426	035	89,100.00
DISTRICT MANAGED ACTIVITY	300	317,380.01
AUXILIARY SERVICES	401	673,623.87
PUBLIC SCHOOL PRESCHOOL	439	82,210.31
DATA COMMUNICATION FUND	451	12,600.00
RACE TO THE TOP	506	.00
IDEA PART B GRANTS	516	950,031.03
VOC ED: CARL D. PERKINS - 1984	524	65,719.95
LIMITED ENGLISH PROFICIENCY	551	33,464.64
TITLE I DISADVANTAGED CHILDREN	572	975,936.91
IMPROVING TEACHER QUALITY	590	119,927.46
Total Special Revenue		3,778,829.01
Debt Service		
BOND RETIREMENT	002	1,052,715.50
Total Debt Service		1,052,715.50
Capital Projects		
BUILDING	004	639,672.40
REPLACEMENT	005	200,000.00
Total Capital Projects		839,672.40
*** Proprietary Fund Types ***		
Enterprise		
FOOD SERVICE	006	2,140,100.00
UNIFORM SCHOOL SUPPLIES	009	105,378.28
SPECIAL ENTERPRISE FUND	020	182,787.00
Total Enterprise		2,428,265.28
Internal Service		

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Mad River Local Schools
Appropriation Recap Sheet
JAN FY16 Appropriation

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Fund Class/Name	Fund	2016 Appropriations
ROTARY-INTERNAL SERVICES	014	165,038.46
Total Internal Service		165,038.46
*** Fiduciary Fund Types ***		
Agency Fund		
STUDENT MANAGED ACTIVITY	200	139,503.00
Total Agency Fund		139,503.00
Private Purpose Trust Fund		
SPECIAL TRUST	007	32,000.00
Total Private Purpose Trust Fund		32,000.00
Total Appropriations - All Fund Types		49,181,473.33

APPENDIX C
FINANCIAL STATEMENT

FINANCIAL STATEMENT
FOR
BOARD OF EDUCATION
Ohio Revised Code Sections 133.04, 133.06 and 133.33

I, Jerry Ellender, Treasurer of the Board of Education of the Mad River Local School District in Montgomery County, Ohio, do hereby certify that the following statements concerning the finances of such Board of Education and School District are true and correct :

- | | | |
|----|---|----------------|
| 1. | Tax valuation of the School District as shown by the tax lists and duplicates for the calendar year 2016, the year most recently certified for collection: | \$ 227,068,780 |
| 2. | Total principal amount of all outstanding securities of the Board of Education: | \$ 9,226,689 |
| 3. | Exempt securities included in item 2: | |
| | (a) Notes issued in anticipation of the collection of current revenues under Section 133.10 O.R.C.: | \$ _____ |
| | (b) Notes issued in anticipation of the collection of taxes under Sections 133.10 or 133.301 O.R.C.: | \$ _____ |
| | (c) Notes with maturities over one year and issued in anticipation of the collection of the proceeds from a specifically identified voter-approved tax levy under Section 5705.194 or Section 5705.21 O.R.C.: | \$ _____ |
| | (d) Securities issued under Sections 139.01 to 139.04 O.R.C. to participate in Federal aid programs: | \$ _____ |
| | (e) Securities issued prior to August 19, 1994 to finance energy conservation measures under Section 3313.372 O.R.C.: | \$ _____ |
| | (f) Securities evidencing loans received under Sections 3313.483,3317.0211 and 3317.64 O.R.C.: | \$ _____ |
| | (g) Securities issued to establish a self-insurance program for health care benefits under Section 9.833 O.R.C.: | \$ _____ |
| | (h) Other exempt securities: | \$ 1,586,689 |
| | Total of items 3(a) to 3 (h) inclusive: | 0 |
| 4. | (a)Total securities subject to 9% limitation [item 2 minus item 3]: | 7,640,000 |
| | (b)Bond retirement fund applicable to principal of such securities: | 268,022 |
| | (c) Net amount subject to 9% limitation: | 7,371,978 |
| 5. | Securities included in item 4(a), but issued without authority of an election: | |
| | (a) Securities included in item 5 issued for energy conservation measures under Section 3313.372 O.R.C .after August 19, 1994 and Section 133.06(G) O.R.C. | \$ _____ |
| 6. | (b) Bond retirement fund applicable to principal of such securities: | \$ _____ |
| | (c) Net amount subject to 9/10 of 1% limitation of Section 133.06(G) O.R.C.: | \$ _____ |
| 7. | (a) Unvoted securities issued for other purposes [item 5 minus item 6(a)]: | \$ _____ |
| | (b) Bond retirement fund applicable to principal of such securities: | \$ _____ |
| | (c) Net amount subject to 1/10 of 1% limitation of Section 133.06(A) O.R.C.: | \$ _____ |
| 8. | Bonds or notes issued for the purpose of classroom facilities from the State under Chapter 3318. O.R.C., included in item 4(a): | \$ _____ |
| 9. | Bonds or notes included in item 4(a) but issued beyond 9% limitation by virtue of certification as approved special needs School District under Section 133.06(E) O.R.C.: | \$ _____ |

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of March 2016.

Jerry Ellender
Treasurer

APPENDIX D
FIVE YEAR FORECAST

Mad River Five Year Forecast for Fiscal Year 2016

District Type: Local

IRN: 048702

County: Montgomery

Date Submitted: 10/29/2015 Date Processed: 10/29/2015

Line	Actual			Forecasted				
	2013	2014	2015	2016	2017	2018	2019	2020
1.010 General Property (Real Estate)	8,101,388	8,734,695	8,597,203	8,468,455	8,468,455	8,468,455	8,553,140	8,553,140
1.020 Tangible Personal Property Tax	604,697	685,214	720,571	722,118	722,118	722,118	729,339	729,339
1.035 Unrestricted Grants-in-Aid	21,092,523	21,720,554	23,954,739	24,711,092	25,328,869	26,088,735	26,871,397	27,677,539
1.040 Restricted Grants-in-Aid	556,636	1,375,403	1,549,919	1,510,576	1,548,340	1,594,791	1,642,634	1,691,913
1.045 Restricted Federal Grants-in-Aid - SFSF	54,386							
1.050 Property Tax Allocation	1,306,216	1,419,774	1,423,571	1,407,280	1,407,280	1,407,280	1,421,353	1,421,353
1.060 All Other Operating Revenue	3,707,519	4,447,909	4,637,264	5,177,000	4,903,560	4,989,331	5,076,818	5,166,054
1.070 Total Revenue	35,423,365	38,383,549	40,883,267	41,996,521	42,378,622	43,270,710	44,294,681	45,239,338
2.040 Operating Transfers-In	8,154							
2.060 All Other Financial Sources	112,511	13,939	31,230					
2.070 Total Other Financing Sources	120,665	13,939	31,230					
2.080 Total Revenues and Other Financing Sources	35,544,030	38,397,488	40,914,497	41,996,521	42,378,622	43,270,710	44,294,681	45,239,338
3.010 Personnel Services	19,813,768	20,326,355	22,276,694	23,656,039	24,602,181	25,339,781	26,099,509	26,882,030
3.020 Employees' Retirement/Insurance Benefits	7,819,590	7,943,702	8,810,469	9,275,477	9,976,051	10,546,280	11,149,881	11,794,718
3.030 Purchased Services	4,477,578	4,643,036	4,872,478	4,989,703	5,084,838	5,186,535	5,290,266	5,179,339
3.040 Supplies and Materials	917,263	848,416	1,035,755	1,445,832	1,375,457	1,416,721	1,459,222	1,502,999
3.050 Capital Outlay	462,968	475,438	1,026,238	956,301	984,990	1,014,540	1,044,976	1,076,325
4.300 Other Objects	340,904	296,118	312,756	318,492	328,046	339,687	348,025	358,465
4.500 Total Expenditures	33,832,071	34,533,065	38,334,390	40,641,844	42,351,563	43,843,544	45,391,879	46,793,876
5.010 Operational Transfers - Out	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
5.030 All Other Financing Uses	150	9	298					
5.040 Total Other Financing Uses	250,150	250,009	250,298	250,000	250,000	250,000	250,000	250,000
5.050 Total Expenditure and Other Financing Uses	34,082,221	34,783,074	38,584,688	40,891,844	42,601,563	44,093,544	45,641,879	47,043,876
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	1,461,809	3,614,414	2,329,809	1,104,677	(222,941)	(822,834)	(1,347,198)	(1,804,538)
7.010 Beginning Cash Balance	9,571,335	11,033,144	14,647,558	16,977,367	18,082,044	17,859,103	17,036,269	15,689,071
7.020 Ending Cash Balance	11,033,144	14,647,558	16,977,367	18,082,044	17,859,103	17,036,269	15,689,071	13,884,533
8.010 Outstanding Encumbrances	155,585	459,895	300,969	459,895	473,692	487,903	502,540	517,616
10.010 Fund Balance June 30 for Certification of Appropriations	10,877,559	14,187,663	16,676,398	17,622,149	17,385,411	16,548,366	15,186,531	13,366,917
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	10,877,559	14,187,663	16,676,398	17,622,149	17,385,411	16,548,366	15,186,531	13,366,917
15.010 Unreserved Fund Balance June 30	10,877,559	14,187,663	16,676,398	17,622,149	17,385,411	16,548,366	15,186,531	13,366,917

Notes to the Five Year Forecast

Please visit the Ohio Department of Education website at
<ftp://ftp.ode.state.oh.us/geodoc/5-yrForecast/>

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**Mad River Local School District
801 Old Harshman Road
Riverside, OH 45431
IRN 048702
FY 2016 thru 2020 Five Year Forecast Assumptions**

This document provides a line by line description of the assumptions made in developing the District's October 2015 Five Year Forecast.

General Comments:

The economic climate at the time of this Forecast is that the economy has shown signs of improvement but growth has been very slow. The Ohio Department of Taxation has advised us that State income tax collections had begun to grow again in 2014. The improved financial picture for the State has led to a funding increase for schools in the FY14-15 biennium, and again in the FY16-17 biennium budget. The housing sector is still in a serious slump or decline due the sub-prime mortgage fallout but is starting to show some signs of recovery. Foreclosure rates have declined somewhat, but unfortunately valuation of property within the District in the County's last tri-annual reappraisal has fallen.

In Ohio a new school funding formula was developed in 2013 as part of the State's FY14-15 biennium budget process. The school funding formula has been modified by the state assembly again for the FY16-17 biennium budget. Under the new funding formula the District is expected to receive a 3.7% increase in Foundation funding for FY16 and a 2.5% increase in FY17. This represents an increase of approximately \$833,919 in FY16 and an additional \$622,758 in FY17. While these increases are certainly welcome, they are less than half of what the increases were in the last biennium.

The District's native student enrollment has been declining over the last five years. Native enrollment for FY10 was 3,607, 3,480 for FY11, 3,403 for FY12, and 3,363 for FY13, 3,320 for FY14, and now 3,275 for FY15. The loss of enrollment negatively impacts State Foundation funding. In order to stop the decline in enrollment and loss of state funding, in FY12 the District opened enrollment to outside students. 186 students from other districts enrolled at Mad River in FY12 and that climbed to 358 for FY13, 459 for FY14, and is now estimated to exceed 500 students in FY15. The District is funded on a per-student basis and is not on the "guarantee" for Foundation funding. The District's open enrollment currently adds approximately \$3,000,000 of revenue to the base State Foundation funding and is included in the Other Income line of the forecast.

The District continues to experience inflation in most areas of its expenditures with health insurance leading the pack. Most expenses are increasing at a 2% to 3% per year but health insurance premiums are averaging a 8% increase per year. Although the District did receive a reprieve in those increases with a 0% increase for FY16.

Real Estate Tax revenues for the District will decline this year. According to the County Auditor's estimate, the decline in property value will mean a loss of \$128,748 in real estate tax revenue for the 2015-16 school year. The District did successfully pass a

**Mad River Local School District
801 Old Harshman Road
Riverside, OH 45431
IRN 048702
FY 2016 thru 2020 Five Year Forecast Assumptions**

new 5.9 mill continuing levy to fund operations at the March 2012 election, but the benefit of that levy has been diminished by the fall in property values.

The District has a General Fund cash balance of \$16,977,367 at the beginning of FY16. The District's revenues are projected to be more than its expenditures for FY16, but that reverses beginning with next year of the five year forecast. At the end of the Five Year Forecast the general fund cash balance is projected to be \$13,884,533.

The District was deficit spending in FY10 & FY11 so the District embarked on a major cost cutting plan for FY12 by reducing staff and expenses where possible. The combination of this reduction in spending, the passage of the new 5.9 mill levy, and new open enrollment revenue has restored the District to a balanced budget and produced surpluses for the last several years. According to the forecast, the District will begin to deficit spend again beginning next year unless reductions in spending are made. The goal of current management is to have the longest possible number of years before any new levy would be required. There is no need for a new operating levy projected during the current five years forecasted.

The District has successfully negotiated new two-year labor agreements with its two unions that cover the FY16 & 17 school years. The Forecast reflects increases in labor cost based on the new contracts for FY16 & 17, and makes assumptions about the increases in the remainder of the forecast.

Line by Line Descriptions:

REVENUES:

Tax revenues (lines 1.010, 1.020, & 1.050)

- **FY 2016 through 2018 Tax Revenues** are based on this year's first half actual collections which are down from last year. Due to the slow growth in the economy, the projections for fiscal years 19 through 20 are projected to grow at only 1%.
- The District passed a new 5.9 mill continuing levy in 2012. That new levy was projected to bring in \$1,393,362 annually with collections beginning in calendar year 2013. The revenue from that levy has now been reduced to \$1,286,127 from the reappraisal and represents a permanent loss in revenue. The previous most recent 6.9 mill levy passed in 2006 will also see a reduction in revenue from \$1,576,891 to \$1,504,114. These two levy reductions are permanent losses of tax revenue and will not increase again as property values rise. The remaining loss of revenue is from the District's inside millage. The inside millage taxes will rise again with increasing property values.

Mad River Local School District
801 Old Harshman Road
Riverside, OH 45431
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FY 2016 thru 2020 Five Year Forecast Assumptions

- Line 1.020 represents Public Utility Personal Property Taxes and is based on the first half actual collections and are assumed to remain the same for the triennial and then grow at 1% for the next triennium.

Unrestricted grants in aid (line 1.035)

- **FY16 & FY17 - Unrestricted grants in Aid** for 2015-16 reflects the actual current amount of Foundation funding from the Ohio Department of Education under the new school funding formula on the most recent foundation payment. The FY17 amount is based on the State's projection under the new formula.
- **FY18 - 20 Unrestricted Grants in Aid** – Foundation funding is estimated to increase 3% per year in FY 18 – 20 but actual funding increases will only be known when the State Legislature completes the next FY18 & 19 biennium budget. There is also a chance Foundation funding may fall due to declining native student enrollment, or the new method of counting every day of enrollment for determining student FTE's for funding purposes.

Restricted grants in aid (line 1.040)

- For FY16 Restricted grants consist of \$525,068 for career/technical education, \$940,935 in economically disadvantaged funds, and \$44,573 in special education catastrophic costs reimbursement. The amounts are based on the new school funding formula. These amount will change based on the number of Career Tech and economically disadvantaged students enrolled in the District. The amounts are assumed to change with changes in overall foundation funding in Line 1.035.

Property Tax Allocations (line 1.050)

- Property tax allocations are the Homestead exemption, the 2.5% and 10% rollbacks which reduce homeowners' property tax bills. This portion of Real Estate taxes is paid by the State to School Districts.
- Amounts are based on actual receipts for first half FY16 and they are expected to grow in relation to real estate taxes in Line 1.010.

All Other Revenues (line 1.060)

- **Other revenues for FY16** are largely made up of \$3,128,790 in Open Enrollment revenue, \$650,000 in Federal Impact Aid, \$192,500 in casino taxes, \$336,129 in tuition and fees, \$250,000 in Medicaid reimbursements. Only modest growth is projected in other income because room for additional open

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enrollment students is very limited and Impact Aid funding is flat in the Federal budget.

- The District receives both Section 8002 and Section 8003 Federal Impact Aid which was \$717,809 in FY15, and projected to be \$650,000 in later years. Impact Aid revenue is highly subject to Federal budget battles in Washington. Sequestration in the federal budget has reduced Impact Aid revenues and may keep it from growing in future years.

EXPENDITURES:

Personnel expenditures (line 3.010)

- **FY16 & 17 Personnel expenditures** are based upon the currently contracted personnel for the District at the newly negotiated rates. FY18 - 20 personnel costs are assumed to grow at 3% per year. Step increases from existing salary schedules account for approximately 2% growth per year in payroll costs before any base raises are awarded.

Employee's retirement/insurance benefits (line 3.020)

- **FY 2016 Employee's retirement/insurance benefits** were projected using the actual rates for insurance, retirement (14%), Medicare (1.45%) & a 1.55% allowance for workers compensation, unemployment and various other salary related benefits.
- Health Insurance is the largest and fastest growing benefit expense at \$4,957,211 for FY16. The District received a 0% increase to premiums for FY16 and were assumed to grow at 8% average in future years based on the average historical trend in cost growth. The Affordable Care Act could mean significant additional health insurance costs for the district. Until all the regulations related to the Affordable Care Act are published, it is difficult to quantify all the costs of the 30 hour work week, affordability penalties, the Cadillac tax, and other provisions of the Act.

Purchased services (line 3.030)

- **FY 2016 Purchased services** are based upon expected FY16 costs. The largest expenditures are Utilities, Special Education contracted services, and Charter School payments.
- **FY 2017 thru 2020 Purchased services** reflect a 3% inflationary increase. These figures do not reflect any anticipated major increases in purchased

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special education and/or community school services. If unexpected increases in student service requirements occur, they could cause greater increases in purchase service costs.

Supplies & materials (line 3.040)

- **FY 2016 Supplies & materials** are based upon the actual expenditures for FY15 adjusted for known changes.
- **FY 2017 thru 2020 Supplies & materials** were projected to increase by an inflationary rate of 3%.

Capital Outlay expenditures (line 3.050)

- **FY 2016 Capital Outlay** is based upon the actual planned expenditures. The Board has dedicated its casino tax revenue to technology improvements in the District. The District is increasing its technology spending in order to build infrastructure for, and to purchase the devices necessary to provide more computer and mobile device technology for students.
- **FY 2017 thru 2020 capital outlay** was projected to increase by an inflationary rate of 3%.

Other Objects expenditures (line 4.300)

- **Other Objects expenditures** are mostly expenditures related to Montgomery County Auditor & Treasurer fees, annual financial audit fees, bank service charges, liability insurance, and the Montgomery County ESC statutory fee deduction for Local School Districts. FY15 is based on actual expected amounts. We are projecting a stable use of ESC services and auditor & treasurer fees with a 3% increase in cost throughout the remaining forecast.

Operating Transfers Out (line 5.010)

- **Transfers Out** – the District maintains a separate Severance Fund for the payment of unused sick leave and retirement incentives to retiring employees. The Severance Fund has no source of revenue of its own, therefore transfers from the General Fund are necessary to fund current and future expenditures from the fund to pay estimated future severance and bonus liabilities. Retirements are projected and an amount of \$250,000 per year was determined to be appropriate to keep the fund adequately funded for the forecast period.

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- The Severance fund paid out \$72,158 in FY15 and has a balance at June 30, 2015 of \$895,323.

Estimated Encumbrances (line 8.010) are the amount of payables the District owes at any given year end. Amounts are based on FY15 actual plus inflation for future years.