

Comprehensive Annual Financial Report

for the year ended June 30, 2017



**Sandusky City Schools
Erie County, Ohio**

**SANDUSKY CITY SCHOOL DISTRICT
ERIE COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by:
Office of the Treasurer/CFO
Gina Deppert, Treasurer

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INTRODUCTORY SECTION



Sandusky City Schools

407 Decatur Street, Sandusky, OH 44870-2442 • 419-984-1005 • www.scs-k12.net

Office of the Treasurer

December 14, 2017

Members of the Board of Education and Residents of the
Sandusky City School District

The Comprehensive Annual Financial Report (CAFR) of the Sandusky City School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statute requires an annual audit by independent accountants. The Ohio Auditor of State's office conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Auditors' Report is included in this CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the school district has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2017 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditors' Report.

PROFILE OF SANDUSKY CITY SCHOOL DISTRICT

The District ranks as 128th largest by total enrollment among the 612 public school districts in the state and is the largest in Erie County. As of the current school year (2016-2017), the average daily membership (ADM) was 3,872 students. 3,760 of these students attend one of the District's seven schools. District enrollment is expected to remain steady over the next several years.

The District has 475 full and part time employees. The District employs 303 certified staff members including 32 administrators. Additionally, the District employs 4 full-time adult education instructors and 172 full-time and part-time non-teaching staff members.

The District offers a wide variety of educational programs for all segments of the community. Sandusky High School is one of the few comprehensive high schools in Ohio, containing eleven (11) career technical education programs as well as a wide range of college preparatory offerings. Additionally, the adult continuing education program serves nearly 160 adults each year in degree programs. The District provides extensive special education services and offers a kindergarten through twelfth grade accelerated and gifted program. All District kindergarten students attend all-day, everyday kindergarten classes and benefit from a full day of instruction.

A full range of extracurricular programs and activities is available to students beginning with the elementary grades. All District schools have libraries, special purpose rooms, including computer labs and unique curricular offerings designed by the individual building staff and administration.

An active Council of local neighborhood Parent Councils provides for articulation, cooperation, and communication and partnership between parents, community members, and school officials.

The District cooperates with the City of Sandusky Recreation and Parks Department, churches and a number of community and civic organizations in making school facilities available for athletic, recreational and enrichment activities.

Classroom teachers at all levels are supported by specialists in media, guidance, art, instrumental and vocal music, physical education and curriculum development. A comprehensive interscholastic and intramural sports program is offered to students at select grade levels of the District. All elementary schools have full-time media aides and secondary schools are staffed by certified media specialists. School nurses, psychologists, speech therapists, one media coordinator, counselors, specific coordinators for Title I (a federally funded reading and mathematics program), and gifted programs offer direction, support and coordination of services for all students.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap the territory of the District are listed below. The stated percentage is that percentage of the tax valuation of the overlapping entity that is located within the District.

1. A portion (22% - approximately) of Erie County functions allocated to counties by Ohio law, such as elections, health and human services, and judicial.
2. The City of Sandusky (100%) has municipal corporation responsibilities.

Each of these entities operates independently, with its own separate budget, taxing power, and sources of revenue. Both Erie County and the City of Sandusky levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills). The District also acts as fiscal agent for local tax revenues distributed to the Sandusky Library, located within the District's boundaries, with this revenue reported in the agency funds. The District is not considered a component unit of another government.

The District is an active member of the Enterprise Zone Negotiating Committee, along with the City of Sandusky and Erie County. The Enterprise Zone offers tax abatements for real and personal property improvements and additions to businesses located within the city. A number of local companies have been granted partial tax abatements on additions made during the last several years. The City of Sandusky and the District have also benefited from these expansions through additional tax revenues from the unabated portion of valuation increases on the property and from improved economic conditions resulting from growth in employment of city residents.

Employees

A statewide public employee bargaining law applies generally to public employee relations and collective bargaining. The starting salary (2016-2017 school year) for a teacher with a bachelor's degree is \$37,507, and the maximum salary for a teacher with a master's degree plus 24 graduate hours and 27 years of experience is \$80,140.

The District's certificated employees, excluding administration, are members of the Sandusky Education Association (S.E.A.), a labor organization affiliated with the Ohio Education Association. The current contract between the Board of Education and the S.E.A. expires August 31, 2017.

All of the District's support staff employees, including secretarial, custodial, maintenance, transportation, and teacher aides, are represented for bargaining purposes by the Sandusky Non-Teaching Employees Association (S.N.T.E.A.), a labor organization affiliated with the Ohio Education Association. The current S.N.T.E.A. contract expires June 30, 2018.

The District has never experienced any work stoppage or job actions. In the judgment of the Board and administration, labor relations between the District and its employees remain excellent.

Parochial Schools

The District acts as fiscal agent for state funds distributed to parochial schools, with revenue reported in special revenue funds. The Early Childhood Center (Kindergarten Readiness and Preschool), St. Mary Elementary and Jr. High School (K-8) and St. Mary's Central Catholic High School (9-12) are all reported as a single entity under one IRN, are all located within the District and serve students who reside both inside and outside the District. Total enrollment for fiscal year 2016-2017 was 519.

Budgetary Controls

In addition to the internal control structure mentioned above, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the Board at the fund level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Unencumbered amounts lapse at year-end. A complete description of the District's Budgetary Process can be found in the Notes to the Required Supplementary Information.

ECONOMIC CONDITION

Local Economy

The District is located in Erie County, in Northwest Ohio, approximately sixty miles west of Cleveland and sixty miles east of Toledo. All of the District is located within Erie County and falls entirely within the corporate boundaries of the City of Sandusky, which lies on the shores of Sandusky Bay and Lake Erie.

The District is served by diversified transportation facilities including immediate access to four State highways and Interstate 80 (Ohio Turnpike). The District is served by CSX, Norfolk and Southern, and Amtrak Rail Services.

Major commercial banks with offices within the District include PNC Bank, US Bank, Key Bank, Fifth Third Bank and Civista Bank.

Two daily newspapers serve the District. The District falls within the broadcast area of seven television stations and numerous AM/FM radio stations. One television station is located within the city limits as are two AM/FM radio stations. The District has a cable television license and broadcasts school information on cable Channel 81.

Within commuting distance of the District are numerous public and private two and four-year colleges and universities including Bowling Green State University Firelands Campus, Ashland University, Cleveland State University, Toledo University, Bowling Green State University, Terra

Community College, and Lorain Community College. Bowling Green State University, Terra Community College and Owens Community College utilize District facilities and staff for course offerings to area residents and students.

The District is served with a wide range of recreational offerings through school and City recreation and park programs. One of the things that make the District an attractive place to live is its unique location. It is located on both Sandusky Bay and Lake Erie with over twenty-two (22) miles of shoreline within the city limits. The close association with the water and the inherent access to boating, sailing, fishing, and swimming, etc. gives this District an atmosphere of a coastal city. Lake freighters, ferry boats, commercial fishing boats and pleasure boats are commonplace. The lake and bay along with Cedar Point Amusement Park, many fine golf courses, restaurants, motels, shops, and business enterprises have resulted in a booming tourist trade and have given the District's area the reputation of being one of the premier places in the country to live. The District offers the advantages of a small town, a reasonable cost of living, and excellent medical facilities (including Firelands Regional Medical Center in Sandusky).

The local economy has been in a gradual decline for several years. A number of businesses have closed or left Sandusky, taking with them a significant number of manufacturing jobs. The City's unemployment rate in June of 2017 was 6.2%, compared with state and national unemployment rates of 5.0% and 4.4% respectively.

As further evidence of a struggling economy in Sandusky, according to the U.S. Census Bureau the median family income in the City was \$46,073 in the year 2013, compared with \$48,081 and \$52,250 state and national averages, respectively. Additionally, the median home value in Sandusky in 2000 was \$75,400, compared with \$103,700 and \$119,600 median home values in the state and the nation, respectively.

Long-Term Financial Planning

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District regularly updates the five-year forecast for use as a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the approval of a 4.9 mill operating levy in 2012, the closure of school buildings due to decreased enrollment which has resulted in the net reduction of paid staff positions, the combination of 7th and 8th grade students into a separate section of Sandusky High School, the successful replacement of a 2.0 mill permanent improvement levy in 2009, the successful renewal of a five-year, \$1.5 million emergency levy in May, 2014, and a successful passage of a bond issue levy in November, 2016 for the construction of new school buildings.

The District continues to monitor its finances, planning for long-term viability and financial responsibility, but the uncertainty of state funding due to consistent changes in the state funding formula and current funding for open enrollment, community and non-public schools, especially scholarship funding, creates a situation where the state funding for the future is unknown and future planning becomes reactionary based on the direction of state policy and legislation.

Major Initiatives for the Year

The District implemented and continued a number of significant programs during the past year to meet student and community needs.

The District continued to invest in technology in the 2016-2017 school year. The District employs a computer technician and an instructional technology facilitator to provide support to District staff. In addition, the District contracts for additional technician services with outside companies.

For the 2014-2015 school year, the Sandusky City School District unveiled its latest drop-out prevention/student retention program, the Sandusky Digital Academy, an alternative high school option. Initial enrollment at the Academy was approximately 100 students and that figure remained steady for the 2016-2017 school year.

Additionally, the District is becoming more engaged in communications with the Ohio School Facilities Commission and is moving in the direction of developing a master facility plan which will help guide our district many years into the future. Current funding proposals for an Ohio School Facilities project include 64% funding from the State of Ohio.

Major Initiatives for the Future

The District will continue to upgrade all areas of technology in the 2017-2018 school year and beyond to meet demands of a global focused 21st century education. Our priority will be to enhance hardware and software upgrades that promote seamless technology integration into our instructional and systemic deliveries.

The Sandusky City School District launched The Great Lakes Visual and Performing Arts Academy for the 2015-2016 school year. The academy will provide students with a variety of personally relevant arts opportunities which will help cultivate the whole child as they discover and develop their unique skills and talents.

The District also rolled out its Global Experience Program which will offer our senior students the opportunity to intern with local businesses, industries, colleges, non-profits and the military in their career choice and Blue Streak University which provided and organized system for our students to complete their high school education while earning college credits with the potential of acquiring up to an associates degree.

The District has instituted a rolling open-enrollment time frame policy and intends to expand awareness of the positive academic programs offered by the District.

RELEVANT FINANCIAL POLICIES

The State of Ohio developed a new funding formula for funding public education in the state. The new formula allocates funding based on the number and demographic makeup of the district's student population as well as the relative wealth (both property and income based) for a district. In addition to the formula aid, districts are guaranteed to not receive less funding than they did in the base year or are capped on their growth to 10.75% of the formula amounts.

Another significant change in the budget bill was the restructuring of Tangible Personal Property (TPP) and Electric Deregulation Property Tax reimbursements. These reimbursements were restructured such that, for FY17, the reduction in the district's phase out for each reimbursement is limited to 5/8 mil. Legislation was also passed in the fall of 2016 to hold harmless thus providing the district with TPP supplement via the state funding formula. These funding limits, spending mandates and deduction increases all have to be taken into account in monitoring the operation of the Sandusky City School District and future decisions on pursuing additional revenue or expenditure reductions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sandusky City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District has also received a Certificate of Excellence in Financial Reporting in School Districts from the Association of School Business Officials (ASBO) for the District's comprehensive annual financial report for the fiscal year ended June 30, 2016. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

The Auditor of State, Dave Yost, awarded the Sandusky City Schools the "Auditor of State Award with Distinction" for FY 2016 for its annual CAFR, timely financial reports in accordance with GAAP and its annual audit report containing no findings for recovery, no material citations, no material weaknesses, no significant deficiencies, no Single Audit findings and no questioned costs.

The preparation of the CAFR on a timely basis was made possible by the dedicated services of the Treasurer's office staff. In addition, we acknowledge the outstanding services of our data processing department in meeting the vast informational requirements. Our consultant, Plattenburg & Associates, Inc. provided us with expert technical assistance in all phases of preparing

the report. The assistance of the Erie County Auditor's office in providing information is also appreciated. Finally, we wish to acknowledge the cooperation of the team from Auditor of State, who conducted a thorough audit of our finances.

In closing, without the leadership and support of the Board of Education of the District, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gina Deppert", written over a horizontal line.

Gina Deppert, Treasurer

A handwritten signature in blue ink, appearing to read "Eugene T.W. Sanders", written over a horizontal line.

Eugene T.W. Sanders, Superintendent

**SANDUSKY CITY SCHOOL DISTRICT
ERIE COUNTY, OHIO**

**LIST OF PRINCIPAL OFFICERS
JUNE 30, 2017**

<u>Name</u>	Board of Education		<u>Vocation in Private Life</u>
	<u>Began Service as a Board Member January 1</u>	<u>Present Term Expires December 31</u>	
Mr. Jeff Krabill**	2008	2019	Self Employed
Mrs. Martha Murray	2012	2019	Homemaker
Mr. Thomas Patterson*	2014	2019	Businessman
Mrs. Kate Vargo	2012+	2017	Pharm. Rep.
Brigitte Green-Churchwell	2013+	2017	Instructor/BGSU

** President

* Vice President

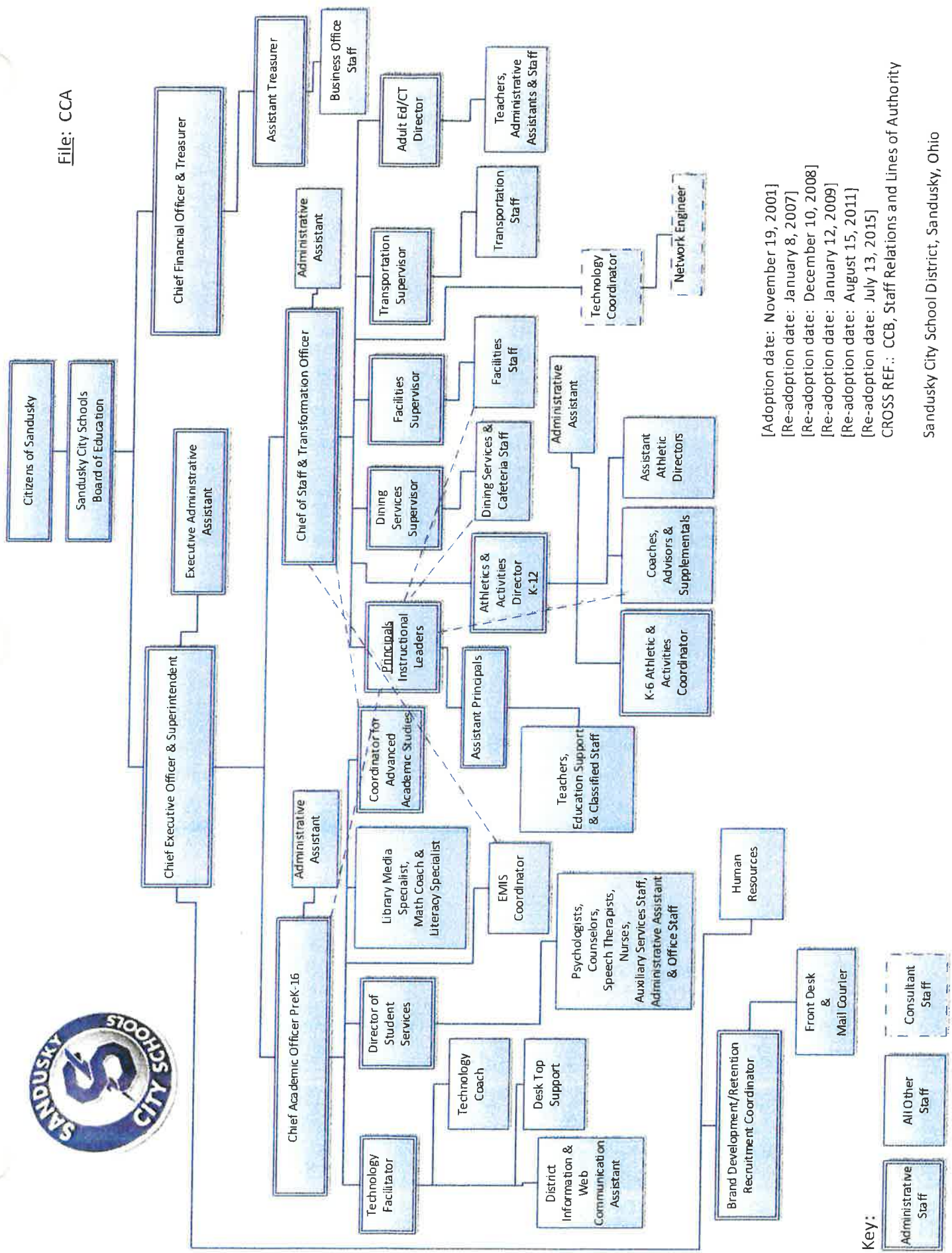
+ Appointed to fill unexpired term due to a resignation

Central Office Administrative Staff

Dr. Eugene T.W. Sanders	Superintendent/CEO
Mrs. Gina Deppert	Treasurer/CFO
Mr. Dan Poggiali	Chief of Staff/Transformation Officer
Dr. Julie McDonald	Chief Academic Officer
Mr. Keith Brown	Assistant Treasurer
Mrs. Nancy Zechman	Director of Adult & Vocational Education
Mrs. Dakota King-White	Director of Student Services
Mrs. Claire Grantier	Instructional Technology Facilitator
Nichole O'Hara	Executive Assistant to Superintendent/CEO
Mr. Brad Kraft	Food Services Supervisor
Mr. Ted Peters	Transportation Supervisor
Mr. Kevin Toms	Supervisor of Building Services



File: CCA



[Adoption date: November 19, 2001]
 [Re-adoption date: January 8, 2007]
 [Re-adoption date: December 10, 2008]
 [Re-adoption date: January 12, 2009]
 [Re-adoption date: August 15, 2011]
 [Re-adoption date: July 13, 2015]

Key:



CROSS REF.: CCB, Staff Relations and Lines of Authority

Sandusky City School District, Sandusky, Ohio



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Sandusky City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Sandusky City School District, Ohio

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written in a cursive style and is positioned above a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Sandusky City School District
Erie County
407 Decatur Street
Sandusky, Ohio 44870-2483

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky City School District, Erie County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky City School District, Erie County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension liabilities and pension contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 14, 2017

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Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of Sandusky City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities increased \$32,215,481 which represents an 81% increase from 2016.
- General revenues accounted for \$77,938,927 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$12,221,436 or 14% of total revenues of \$90,160,363.
- The District had \$57,944,882 in expenses related to governmental activities; \$12,221,436 of these expenses were offset by program specific charges for services and grants or contributions. General revenues of \$77,938,927 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 *Statement 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, Building Fund, and the Classroom Facilities Fund are the only major funds 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 questions, "How did we do financially during 2017?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* 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.

Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, 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 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 overall financial position of the District is presented in the following manner:

- **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 funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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.

Proprietary Fund The District maintains one proprietary internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for self insurance of the District's medical, dental and vision benefits.

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.

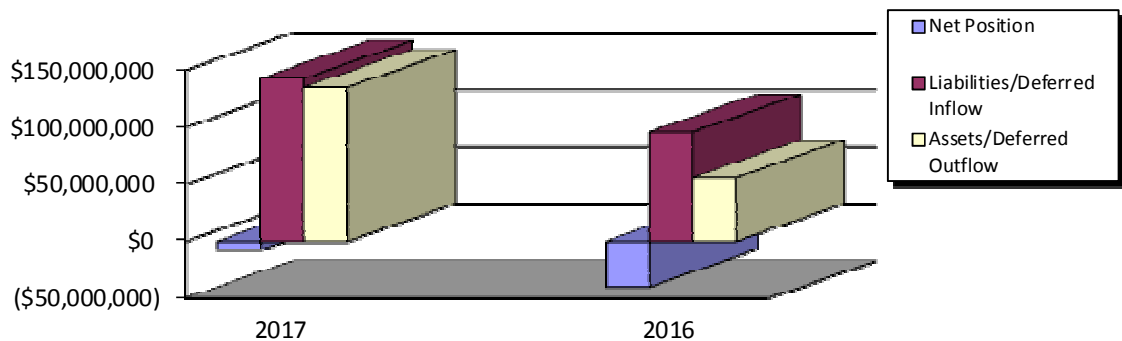
The District as a Whole

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 fiscal year 2017 compared to fiscal year 2016:

Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$110,052,528	\$35,146,100
Capital Assets	10,627,825	10,808,765
Total Assets	120,680,353	45,954,865
Deferred Outflows of Resources:		
Pension	14,211,244	9,889,011
Total Deferred Outflows of Resources	14,211,244	9,889,011
Liabilities:		
Other Liabilities	7,126,632	6,730,462
Long-Term Liabilities	117,500,812	65,897,884
Total Liabilities	124,627,444	72,628,346
Deferred Inflows of Resources:		
Property Taxes	17,863,685	15,502,724
Grants and Other Taxes	30,944	34,382
Pension	74,784	7,599,165
Total Deferred Inflows of Resources	17,969,413	23,136,271
Net Position:		
Net Investment in Capital Assets	10,627,825	10,691,843
Restricted	37,925,259	2,354,770
Unrestricted	(56,258,344)	(52,967,354)
Total Net Position	(\$7,705,260)	(\$39,920,741)



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$7,705,260.

Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

At year-end, capital assets represented 9% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2017, was \$10,627,825. 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, \$37,925,259 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 from fiscal year 2016 to fiscal year 2017 mainly because of an increase in equity and cash investments due to the issuance of long term debt.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

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Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,874,319	\$1,769,834
Operating Grants and Contributions	10,347,117	10,961,374
General Revenues		
Property Taxes	19,437,694	20,595,548
Grants and Entitlements not Restricted to Specific Programs	22,660,493	21,933,538
Other	35,840,740	751,637
Total Revenues	<u>90,160,363</u>	<u>56,011,931</u>
Program Expenses		
Instruction	36,502,846	31,824,045
Support Services:		
Pupil and Instructional Staff	4,888,427	4,486,975
School Administrative, General		
Administration, Fiscal and Business	4,732,758	4,451,490
Operations and Maintenance	3,349,576	3,160,807
Pupil Transportation	2,058,289	1,997,595
Central	718,953	524,488
Operation of Non-Instructional Services	3,373,837	3,039,467
Extracurricular Activities	1,362,308	1,111,967
Interest and Fiscal Charges	957,888	23,994
Total Program Expenses	<u>57,944,882</u>	<u>50,620,828</u>
Change in Net Position	32,215,481	5,391,103
Net Position - Beginning of Year	<u>(39,920,741)</u>	<u>(45,311,844)</u>
Net Position - End of Year	<u><u>(\$7,705,260)</u></u>	<u><u>(\$39,920,741)</u></u>

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Sandusky City School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Of the total governmental activities revenues of \$90,160,363, \$12,221,436 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$19,437,694 (25%) comes from property tax levies and \$22,660,493 (29%) is from state funding. This District’s operations are reliant upon its property tax levy and the state’s foundation program.

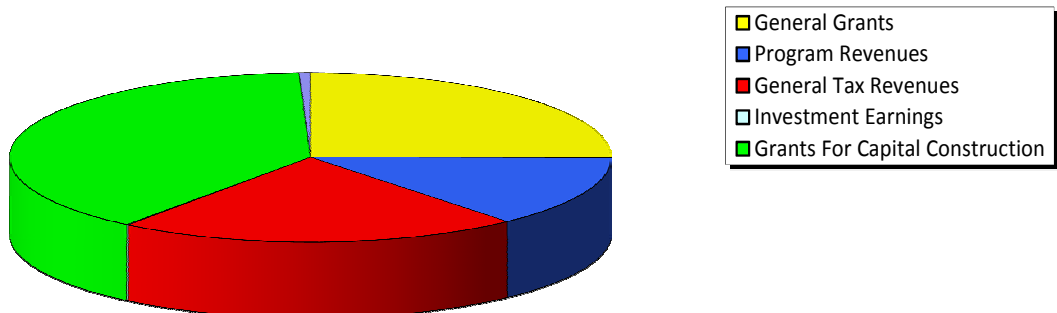
The District revenues are mainly from three sources. Property taxes levied for general, special revenue, debt service, and capital projects purposes, grants and entitlements, and grants and entitlements for capital construction comprised 86% of the District’s revenues for governmental activities.

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 collect additional property tax revenue on the increased value of homes that is due to appreciation 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 2017.

Governmental Activities
Revenue Sources

Revenues	2017	Percentage
General Grants	\$22,660,493	25.10%
Program Revenues	12,221,436	13.60%
General Tax Revenues	19,437,694	21.60%
Investment Earnings	67,359	0.10%
Grants For Capital Construction	35,207,198	39.00%
Other Revenues	566,183	0.60%
Total Revenue Sources	<u>\$90,160,363</u>	<u>100.00%</u>



Sandusky City School District, Ohio
Management’s Discussion and Analysis
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(Unaudited)

Instruction comprises 63% of governmental program expenses. Support services expenses were 27% of governmental program expenses. All other program expenses including interest expense were 10%. Interest expense was attributable to debt payments.

Expenses increased from 2016 to 2017 mainly due to the District increasing their instruction in 2017 when compared to 2016. Revenues increased from 2016 to 2017 mainly due to the District receiving grants and entitlements for capital construction in 2017.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$36,502,846	\$31,824,045	(\$28,826,258)	(\$24,008,183)
Support Services:				
Pupil and Instructional Staff	4,888,427	4,486,975	(4,086,128)	(3,373,024)
School Administrative, General				
Administration, Fiscal and Business	4,732,758	4,451,490	(4,673,446)	(4,378,099)
Operations and Maintenance	3,349,576	3,160,807	(3,300,423)	(3,080,253)
Pupil Transportation	2,058,289	1,997,595	(1,848,022)	(1,712,030)
Central	718,953	524,488	(706,353)	(511,888)
Operation of Non-Instructional Services	3,373,837	3,039,467	(234,099)	85,605
Extracurricular Activities	1,362,308	1,111,967	(1,090,829)	(887,754)
Interest and Fiscal Charges	957,888	23,994	(957,888)	(23,994)
Total Expenses	<u>\$57,944,882</u>	<u>\$50,620,828</u>	<u>(\$45,723,446)</u>	<u>(\$37,889,620)</u>

The District’s Funds

The District has three major governmental funds: the General Fund, the Building Fund, and the Classroom Facilities Fund. Assets of the General Fund comprised \$29,220,188 (27%), the Building Fund comprised \$15,484,552 (14%), the Classroom Facilities Fund comprised \$55,032,168 (51%) of the total \$106,935,453 governmental funds’ assets.

General Fund: Fund balance at June 30, 2017 was \$6,335,183, a decrease in fund balance of \$378,932 from 2016. The primary reason for the decrease in fund balance was the decrease in property taxes revenue.

Building Fund: Fund balance at June 30, 2017 was \$15,484,552, an increase in fund balance of \$15,484,552 from 2016. The primary reason for the increase in fund balance was the issuance of long-term capital-related debt.

Sandusky City School District, Ohio
Management's Discussion and Analysis
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(Unaudited)

Classroom Facilities Fund: Fund balance at June 30, 2017 was \$19,824,970, an increase in fund balance of \$19,824,970 from 2016. The primary reason for the increase in fund balance was the issuance of long-term capital-related debt, which has been reclassified to transfers on the financial statements.

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 2017, the District amended its general fund budget at times, however none were significant. The District's 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 final budgeted revenue was \$46,593,624 and the original budgeted revenue was \$45,814,254. The difference was \$779,370. Of this difference, most was due to underestimating taxes and intergovernmental revenue. The final budgeted expenditures were \$45,869,557 and the original budgeted expenditures were \$44,532,600. The difference was \$1,336,957. Of this difference, most was due to the under estimates in instruction expenses and support services.

The District's ending unobligated actual fund balance for the General fund was \$8,214,831.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$10,627,825 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

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Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

	Governmental Activities	
	2017	2016
Land	\$2,639,184	\$2,639,184
Land Improvements	197,203	187,061
Buildings and Improvements	5,777,678	5,892,033
Furniture and Equipment	1,010,394	1,058,244
Vehicles	1,003,366	1,032,243
Total Net Capital Assets	<u>\$10,627,825</u>	<u>\$10,808,765</u>

Overall, capital assets decreased due to current fiscal year depreciation plus deletions being more than current fiscal year additions.

See Note 8 in the notes to the basic financial statements for further details on the District's capital assets.

Long-Term Obligations

At June 30, 2017, the District had \$36,883,858 in debt outstanding, \$975,000 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	2017	2016
Bonds Payable:		
Classroom Facilities Bonds- 2017-1	\$24,935,000	\$0
Classroom Facilities Bonds Premium- 2017-1	2,020,372	0
Classroom Facilities Bonds- 2017-2	9,215,000	0
Classroom Facilities Bonds Premium- 2017-2	713,486	0
Capital Leases	0	116,922
Total Outstanding Debt at Year End	<u>\$36,883,858</u>	<u>\$116,922</u>

See Note 10 in the notes to the basic financial statements for further details on the District's outstanding debt.

For the Future

The District is projecting and continues to project general fund cash reserves over the next 5 fiscal years. The District has experienced increases in state revenue from the Ohio Department of Education. Sandusky City Schools is projected to receive maximum amount of revenue with continued gain

Sandusky City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
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limitations permitted. The funding limits, continued spending mandates, and deduction increases are all taken into consideration for the overall operation of the Districts. The management team will monitor line 6.01 of the five year financial forecast to ensure revenues continue to align within expenditures.

The Sandusky City School District passed a bond issue levy in November, 2016 for the construction of new school buildings. The construction of the new school buildings will begin in fiscal year 2018.

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 the Treasurer, Sandusky City School District, 407 Decatur Street, Sandusky, Ohio 44870.

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Sandusky City School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$51,761,995
Receivables (Net):	
Taxes	21,982,123
Accounts	135,975
Intergovernmental	36,156,042
Inventory	16,393
Nondepreciable Capital Assets	2,639,184
Depreciable Capital Assets, Net	<u>7,988,641</u>
 Total Assets	 <u>120,680,353</u>
Deferred Outflows of Resources:	
Pension	<u>14,211,244</u>
 Total Deferred Outflows of Resources	 <u>14,211,244</u>
Liabilities:	
Accounts Payable	468,119
Accrued Wages and Benefits	5,716,739
Accrued Interest Payable	289,855
Claims Payable	651,919
Long-Term Liabilities:	
Due Within One Year	1,558,725
Due In More Than One Year:	
Net Pension Liability	77,242,633
Other Amounts	<u>38,699,454</u>
 Total Liabilities	 <u>124,627,444</u>
Deferred Inflows of Resources:	
Property Taxes	17,863,685
Grants and Other Taxes	30,944
Pension	<u>74,784</u>
 Total Deferred Inflows of Resources	 <u>17,969,413</u>
Net Position:	
Net Investment in Capital Assets	10,627,825
Restricted for:	
Debt Service	2,000,011
Capital Projects	34,229,624
Special Trust	151,190
Perpetual Care:	
Expendable	147,455
Nonexpendable	10,000
Other Grants	123,389
Education Foundation	132,686
District Managed Student Activities	158,041
State Grants	10,006
Federal Grants	198,969
Food Service	589,335
Other Purposes	174,553
Unrestricted	<u>(56,258,344)</u>
 Total Net Position	 <u>(\$7,705,260)</u>

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$23,222,322	\$669,953	\$0	(\$22,552,369)
Special	10,462,661	278,044	5,092,638	(5,091,979)
Vocational	1,706,087	0	564,649	(1,141,438)
Adult/Continuing	1,010,830	500,620	197,214	(312,996)
Other	100,946	0	373,470	272,524
Support Services:				
Pupil	2,645,569	0	357,696	(2,287,873)
Instructional Staff	2,242,858	0	444,603	(1,798,255)
General Administration	204,630	0	0	(204,630)
School Administration	3,437,227	0	55,763	(3,381,464)
Fiscal	895,004	0	3,549	(891,455)
Business	195,897	0	0	(195,897)
Operations and Maintenance	3,349,576	49,153	0	(3,300,423)
Pupil Transportation	2,058,289	0	210,267	(1,848,022)
Central	718,953	0	12,600	(706,353)
Operation of Non-Instructional Services	3,373,837	105,070	3,034,668	(234,099)
Extracurricular Activities	1,362,308	271,479	0	(1,090,829)
Interest and Fiscal Charges	957,888	0	0	(957,888)
Totals	\$57,944,882	\$1,874,319	\$10,347,117	(45,723,446)

General Revenues:

Property Taxes Levied for:

General Purposes	17,187,235
Special Revenue Purposes	165,834
Debt Service Purposes	1,339,894
Capital Projects Purposes	744,731
Grants and Entitlements, Not Restricted	22,660,493
Revenue in Lieu of Taxes	31,517
Unrestricted Contributions	146,995
Investment Earnings	67,359
Grants and Entitlements for Capital Construction	35,207,198
Other Revenues	387,671

Total General Revenues 77,938,927

Changes in Net Position 32,215,481

Net Position - Beginning of Year (39,920,741)

Net Position - End of Year (\$7,705,260)

See accompanying notes to the basic financial statements.

Sandusky City School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$9,137,153	\$15,484,552	\$19,824,970	\$4,166,857	\$48,613,532
Receivables (Net):					
Taxes	19,871,549	0	0	2,110,574	21,982,123
Accounts	114,772	0	0	20,907	135,679
Intergovernmental	65,030	0	35,207,198	883,814	36,156,042
Interfund	31,684	0	0	0	31,684
Inventory	0	0	0	16,393	16,393
Total Assets	29,220,188	15,484,552	55,032,168	7,198,545	106,935,453
Liabilities:					
Accounts Payable	311,173	0	0	154,446	465,619
Accrued Wages and Benefits	5,037,815	0	0	678,924	5,716,739
Compensated Absences	224,053	0	0	9,659	233,712
Interfund Payable	0	0	0	31,684	31,684
Total Liabilities	5,573,041	0	0	874,713	6,447,754
Deferred Inflows of Resources:					
Property Taxes	17,281,020	0	0	1,630,264	18,911,284
OFCC Capital Construction	0	0	35,207,198	0	35,207,198
Grants and Other Taxes	30,944	0	0	660,373	691,317
Total Deferred Inflows of Resources	17,311,964	0	35,207,198	2,290,637	54,809,799
Fund Balances:					
Nonspendable	0	0	0	10,000	10,000
Restricted	0	15,484,552	19,824,970	4,325,144	39,634,666
Assigned	304,845	0	0	26,673	331,518
Unassigned (Deficit)	6,030,338	0	0	(328,622)	5,701,716
Total Fund Balances	6,335,183	15,484,552	19,824,970	4,033,195	45,677,900
Total Liabilities, Deferred Inflows and Fund Balances	\$29,220,188	\$15,484,552	\$55,032,168	\$7,198,545	\$106,935,453

See accompanying notes to the basic financial statements.

Sandusky City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2017

Total Governmental Fund Balance		\$45,677,900
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		10,627,825
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Delinquent Property Taxes	1,047,599	
Intergovernmental	660,373	
Other Receivables	<u>35,207,198</u>	
		36,915,170
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		2,494,340
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.		
		(289,855)
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		(3,140,609)
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	14,211,244	
Deferred inflows of resources related to pensions	<u>(74,784)</u>	
		14,136,460
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(77,242,633)	
Other Amounts	<u>(36,883,858)</u>	
		<u>(114,126,491)</u>
Net Position of Governmental Activities		<u>(\$7,705,260)</u>

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$17,533,137	\$0	\$0	\$2,186,154	\$19,719,291
Tuition and Fees	1,417,570	0	0	0	1,417,570
Investment Earnings	36,471	4,109	13,589	12,848	67,017
Intergovernmental	26,357,585	0	0	6,554,840	32,912,425
Extracurricular Activities	76,111	0	0	217,479	293,590
Charges for Services	6,374	0	0	107,974	114,348
Revenue in Lieu of Taxes	30,944	0	0	573	31,517
Gifts and Donations	117,547	0	0	25,447	142,994
Other Revenues	249,875	0	0	123,621	373,496
Total Revenues	45,825,614	4,109	13,589	9,228,936	55,072,248
Expenditures:					
Current:					
Instruction:					
Regular	21,618,466	0	0	289,294	21,907,760
Special	7,559,312	0	0	2,455,698	10,015,010
Vocational	1,410,848	0	0	179,918	1,590,766
Adult/Continuing	748,258	0	0	206,695	954,953
Other	94,507	0	0	0	94,507
Support Services:					
Pupil	2,204,734	0	0	322,948	2,527,682
Instructional Staff	1,531,738	0	0	479,247	2,010,985
General Administration	203,529	0	0	0	203,529
School Administration	2,992,224	0	0	59,088	3,051,312
Fiscal	821,672	0	0	37,688	859,360
Business	174,361	0	0	12,836	187,197
Operations and Maintenance	3,268,133	0	0	0	3,268,133
Pupil Transportation	1,672,809	0	0	243,231	1,916,040
Central	613,176	0	0	12,600	625,776
Operation of Non-Instructional Services	165,136	0	0	3,131,248	3,296,384
Extracurricular Activities	998,160	0	0	266,635	1,264,795
Capital Outlay	8,450	20,508	0	424,582	453,540
Debt Service:					
Principal Retirement	116,922	0	0	0	116,922
Interest and Fiscal Charges	20,633	0	182,455	464,945	668,033
Total Expenditures	46,223,068	20,508	182,455	8,586,653	55,012,684
Excess of Revenues Over (Under) Expenditures	(397,454)	(16,399)	(168,866)	642,283	59,564
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	12,522	0	0	0	12,522
Issuance of Long-Term Capital-Related Debt	0	15,500,951	0	18,649,049	34,150,000
Premium on the Issuance of Debt	0	0	0	2,733,858	2,733,858
Transfers In	6,000	0	19,993,836	0	19,999,836
Transfers (Out)	0	0	0	(19,999,836)	(19,999,836)
Total Other Financing Sources (Uses)	18,522	15,500,951	19,993,836	1,383,071	36,896,380
Changes in Fund Balance	(378,932)	15,484,552	19,824,970	2,025,354	36,955,944
Fund Balance - Beginning of Year	6,714,115	0	0	2,007,841	8,721,956
Fund Balance - End of Year	\$6,335,183	\$15,484,552	\$19,824,970	\$4,033,195	\$45,677,900

See accompanying notes to the basic financial statements.

Sandusky City School District
 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, 2017

Net Change in Fund Balance - Total Governmental Funds \$36,955,944

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	623,976	
Depreciation Expense	<u>(713,468)</u>	(89,492)

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. (91,448)

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	3,870,369	
Cost of benefits earned net of employee contributions	<u>(6,431,367)</u>	(2,560,998)

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

Delinquent Property Taxes	(281,596)	
Intergovernmental	362,513	
Other	<u>35,007,198</u>	35,088,115

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Premium on Bonds Issued		(2,733,858)
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Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 116,922

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (289,855)

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		(285,173)
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The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds		255,324
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Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (34,150,000)

Change in Net Position of Governmental Activities		<u>\$32,215,481</u>
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See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Net Position
Proprietary Fund
June 30, 2017

	<u>Governmental Activities- Internal Service Fund</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	\$3,148,463
Receivables (Net):	
Accounts	<u>296</u>
Total Assets	<u>3,148,759</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	2,500
Claims Payable	<u>651,919</u>
Total Liabilities	<u>654,419</u>
Net Position:	
Unrestricted	<u>2,494,340</u>
Total Net Position	<u><u>\$2,494,340</u></u>

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2017

	<u>Governmental Activities- Internal Service Fund</u>
Operating Revenues:	
Charges for Services	\$6,180,784
Other Revenues	<u>296</u>
Total Operating Revenues	<u>6,181,080</u>
Operating Expenses:	
Contactual Services	5,229,273
Materials and Supplies	4,901
Other	<u>695,628</u>
Total Operating Expenses	<u>5,929,802</u>
Operating Income	<u>251,278</u>
Non-Operating Revenues:	
Interest	<u>4,046</u>
Total Non-Operating Revenues	<u>4,046</u>
Changes in Fund Net Position	255,324
Net Position - Beginning of Year	<u>2,239,016</u>
Net Position - End of Year	<u>\$2,494,340</u>

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2017

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$6,181,455
Cash Payments to Suppliers	(4,901)
Cash Payments for Claims	(5,237,829)
Cash Payments for Other Disbursements	<u>(695,628)</u>
Net Cash Provided (Used) by Operating Activities	<u>243,097</u>
Cash Flows from Investing Activities:	
Interest	<u>4,046</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>4,046</u>
Net Increase (Decrease) in Cash and Cash Equivalents	247,143
Cash and Cash Equivalents - Beginning of Year	<u>2,901,320</u>
Cash and Cash Equivalents - End of Year	<u><u>3,148,463</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	251,278
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	375
Increase (Decrease) in Payables	(3,280)
Increase (Decrease) in Claims Payables	<u>(5,276)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$243,097</u></u>

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$9,264,494	\$111,183
Receivables (Net):		
Taxes	0	649,185
Accounts	0	624
Interest	<u>17,058</u>	<u>0</u>
Total Assets	<u>9,281,552</u>	<u>760,992</u>
Liabilities:		
Accounts Payable	0	602
Other Liabilities	<u>0</u>	<u>760,390</u>
Total Liabilities	<u>0</u>	<u>\$760,992</u>
Net Position:		
Held in Trust	<u>9,281,552</u>	
Total Net Position	<u>\$9,281,552</u>	

See accompanying notes to the basic financial statements.

Sandusky City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions:	
Investment Earnings	\$971,176
Other	<u>98,270</u>
Total Additions	<u>1,069,446</u>
Deductions:	
Scholarships	<u>155,938</u>
Total Deductions	<u>155,938</u>
Changes in Fiduciary Net Position	913,508
Net Position - Beginning of Year	<u>8,368,044</u>
Net Position - End of Year	<u><u>\$9,281,552</u></u>

See accompanying notes to the basic financial statements.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 1 - Description of the School District

The Sandusky City School District (the "District") is located in northern Erie County and is within the corporate boundaries of the City of Sandusky, which lies on the shores of Sandusky Bay and Lake Erie. The District serves an area of approximately 15 square miles.

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

The District ranks as the 128th largest by total enrollment among the 612 public school districts in the State. It currently operates 2 pre K-6 elementary schools, 3 K-6 elementary schools, 1 middle school and 1 comprehensive high school. The District employs 172 non-certified employees, 267 certified employees, 4 full-time adult education instructors and 32 administrators, to provide services to approximately 3,760 students in grades pre-K through 12, 164 adult education students and various community groups.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

Reporting Entity

The reporting entity has been defined in accordance with the appropriate GASB Statement. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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

Jointly Governed Organization

Northern Ohio Educational Computer Association (NOECA) – The District participated in NOECA, a computer consortium. NOECA is an association made up of various public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of representatives from each county in which participating school districts are located, the chairman of each of the operating committees and a representative from the fiscal agent. Financial information can be obtained from the Director, 219 Howard Drive, Sandusky, Ohio 44870.

Related Organization

Sandusky Library Association – The Sandusky Library Association is a distinct political subdivision of the State of Ohio created under Chapter 1713 of the Ohio Revised Code. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Sandusky Library Association at 114 W. Adams Street, Sandusky, Ohio 44870.

Public Entity Risk Pool

Workers' Compensation – The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school district pays an enrollment fee to the GRP to cover the costs of administering the program.

Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

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 deferred outflows, and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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.

Building Fund - A fund used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates or indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund - A fund provided to account for monies received and expended in connection with contracts entered into by the school district and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (c) for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides medical, dental and vision benefits to employees.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has two trust funds; a private purpose trust fund which accounts for scholarship programs for students and an endowment fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for student activities and for the fiscal agent activity of the Sandusky Library Association.

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 are 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 grants 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. 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 - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the proprietary fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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 on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows / Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are reported on the government-wide statement of net position, see Note 12 for explanation.

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 (which includes tax incremental financing 'TIF'), OFCC Capital Construction, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Other taxes (TIFs) have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and OFCC Capital Construction have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position, see Note 12 for explanation.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

Equity in Pooled Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the 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 repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$36,471 and \$30,546 was credited to Other Governmental Funds.

While common stock is not an allowable investment according to Ohio Statute, the District has been endowed with gifts of stock to its private-purpose trust fund. No public funds were used to acquire the stock. At the time the common stock was endowed to the District its value was \$3,882,450. The amount of common stock available for expenditure is reported in net position available in trust for scholarships on the statement of fiduciary net position. A committee has been created to authorize the spending of the investment income.

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

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

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 \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives (with an estimated 10% salvage value):

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25 years
Buildings & Improvements	25 - 100 years
Furniture & Equipment	3 - 20 years
Vehicles	5 - 15 years

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 column on 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 and used are not eliminated in the process of consolidation.

Compensated Absences

Compensated absences of the District consist of vacation leave and sick liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for Certified staff sick leave is based on a policy whereby an employee who was hired prior to July 1, 1989 is compensated upon retirement for the greater of (1) sixty five (65) days of sick leave pay regardless of the employee's sick leave balance, or (2) 25% of accrued but unused sick leave up to a maximum of 75 days, plus 10% of all unused sick leave over 300 days. Employees hired on or after July 1, 1989 are eligible for sick leave pay only as in (2) above. A liability for Classified staff sick leave is based on a policy whereby 25% of accrued but unused sick leave up to a maximum of 75 days, plus 10% of all unused sick leave over 300 days is compensated. This liability exists for employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future and is reported as a component of “future retirement obligation” in the basic financial statements.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

The District has entered into a First Opportunity Retirement Incentive (FORI) whereby, upon election, a Classified employee reaching their first year of retirement eligibility (with a minimum age of 60 years or 30 or more years of service with a minimum of five (5) years in district employment) is entitled to receive an additional 30 days of sick leave pay or 12% of their unused sick leave balance, whichever is greater. A Certified employee reaching their first year of retirement eligibility (with a minimum age of 65 years or 30 or more years of service with a minimum of five (5) years in district employment) is entitled to receive an additional 30 days of sick leave pay or 12% of their unused sick leave balance, whichever is greater. The corresponding liability for the FORI has been recorded for employees who have elected to retire under the terms of the FORI and is reported as a component of “future retirement obligation” in the governmental fund balance sheet and as a component of long-term liabilities in the statement of net position. Amounts for FORI represent liabilities at June 30, 2017 on the fund financial statements.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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:

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
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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 can be used only for the specific purposes imposed by a formal action (board resolution) of the District’s Board of Education. The Board of Education is the highest level of decision making authority for the District. Those committed resources cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

Assigned – resources intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts are intended to be used for specific purposes as approved through the District’s formal purchase order procedure by the Superintendent and the Treasurer. The adoption of the board appropriation resolution is the established policy, which gives the authorization to assign resources for a specific purpose.

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, and liabilities, 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 is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents the amount restricted for auxiliary service funds established to support District programs.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District’s \$37,925,259 in restricted net position, none were restricted by enabling legislation.

Sandusky City School District, Ohio
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For The Fiscal Year Ended June 30, 2017

Parochial Schools

Within the District boundaries, St. Mary's, Saints Peter and Paul and Holy Angels Elementary Schools and St. Mary's Central Catholic High School are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. These activities are reported as a governmental activity of the District.

Estimates

The preparation of the financial statements in conformity with GAAP 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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating.

Note 3 - Accountability

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Public School Preschool	\$29,763
Title VI B	94,062
Vocational Education	2,300
Title 1	187,629
EHA Preschool Grant	3,381
Improving Teacher Quality	3,462
Title 1 School Improvement	8,025

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

Note 4 – Equity in Pooled Cash and Investments

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

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

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

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For The Fiscal Year Ended June 30, 2017

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

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

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

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

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Deposits with Financial Institutions

As of June 30, 2017, \$25,122,453 of the District's bank balance of \$25,629,044 was exposed to custodial credit risk as discussed below, while \$506,591 was covered by FDIC.

Investments

As of June 30, 2016, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$4,933,442	Level 2	2.10
Money Market Funds	50,307	N/A	0.00
Stock	4,870,345	Level 1	0.00
Federal Home Loan Banks	7,103,652	Level 2	1.89
Commercial Paper	14,016,881	Level 2	0.52
Federal National Mortgage Association	1,846,121	Level 2	2.23
Federal Home Loan Mortgage	1,516,040	Level 2	1.92
Federal Farm Credit Banks	1,231,959	Level 2	1.56
	<u>\$35,568,747</u>		
Portfolio Weighted Average Maturity			1.12

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2017. All investments of the District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The District's stocks were rated ranging from AA- to D, Aa3 to C and AA to C by Standard & Poor's, Moody's Investor Services and Fitch Ratings, respectively. The District's corporate bonds were rated BB- and CCC by Moody's Investor Services and were rated Ba2 and Ca by Standard & Poor's. The District's investments in Federal Home Loan Banks, Federal National Mortgage Association, Federal

Sandusky City School District, Ohio
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Home Loan Mortgage and Federal Farm Credit Banks were rated AAA by Standard & Poor's and Aaa by Moody's Investor Services. The District's investments in Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service. Negotiable CDs and Money Market Funds were not rated.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The District had invested 13.9% in Negotiable CDs, 0.1% in Money Market Funds, 13.7% in Stock, 20% in Federal Home Loan Banks, 39.4% in Commercial Paper, 5.2% in Federal National Mortgage Association, 4.3% Federal Home Loan Mortgage, and 3.4% in Federal Farm Credit Banks.

Note 5 - Interfund Transactions

Interfund transactions at June 30, 2017, consisted of the following transfers in and transfers out, and interfund payables and receivables:

	Transfers		Interfund	
	In	Out	Receivable	Payable
General Fund	\$6,000	\$0	\$31,684	\$0
Classroom Facilities Fund	19,993,836	0	0	0
Other Governmental Funds	0	19,999,836	0	31,684
Total All Funds	<u>\$19,999,836</u>	<u>\$19,999,836</u>	<u>\$31,684</u>	<u>\$31,684</u>

Interfund balance/transfers 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 6 - Property Taxes

Real property taxes collected in 2017 were levied after April 1, 2016 on the assessed values as of January 1, 2016, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year. The most recent re-evaluation was completed in 2016.

Public utility personal property taxes received in calendar year 2017 were levied after April 1, 2016, on the value as of December 31, 2015. Payments 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.

Real property taxes are payable annually or semi-annually. In 2017, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2017. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2017 on the fund statements. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. 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 inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2017, was \$2,590,529 for General Fund and \$480,310 for Other Governmental Funds and is recognized as revenue.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$433,941,630
Public Utility Personal	<u>26,356,330</u>
Total	<u>\$460,297,960</u>

Note 7 – Receivables

Receivables at June 30, 2017 consisted of taxes, accounts, intergovernmental, and interfund 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, with the possible exception of accounts receivable related to the District's adult education services.

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

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Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,639,184	\$0	\$0	\$2,639,184
Capital Assets, being depreciated:				
Land Improvements	372,158	20,889	0	393,047
Buildings & Improvements	15,867,503	160,361	0	16,027,864
Furniture & Equipment	3,153,606	277,486	43,081	3,388,011
Vehicles	2,648,479	165,240	161,292	2,652,427
Totals at Historical Cost	<u>24,680,930</u>	<u>623,976</u>	<u>204,373</u>	<u>25,100,533</u>
Less Accumulated Depreciation:				
Land Improvements	185,097	10,747	0	195,844
Buildings & Improvements	9,975,470	274,716	0	10,250,186
Furniture & Equipment	2,095,362	282,255	0	2,377,617
Vehicles	1,616,236	145,750	112,925	1,649,061
Total Accumulated Depreciation	<u>13,872,165</u>	<u>713,468</u>	<u>112,925</u>	<u>14,472,708</u>
Governmental Activities Capital Assets, Net	<u>\$10,808,765</u>	<u>(\$89,492)</u>	<u>\$91,448</u>	<u>\$10,627,825</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$376,852
Special	11,828
Vocational	9,237
Adult	764
Support Services:	
School Administration	17,866
Fiscal	583
Operations and Maintenance	39,602
Pupil Transportation	151,911
Central	50,829
Operation of Non-Instructional Services	36,611
Extracurricular Activities	17,385
Total Depreciation Expense	<u>\$713,468</u>

Note 9 – Short-Term Obligations

A summary of the short-term note transactions for the fiscal year ended June 30, 2017 follows:

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Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Funds				
Notes Payable:				
2016 Bond Anticipation Note	\$0	\$9,900,000	\$9,900,000	\$0
Premium	0	32,769	32,769	0
2017 Bond Anticipation Note	0	9,904,049	9,904,049	0
Premium	0	36,744	36,744	0
Total Short-Term Liabilities	<u>\$0</u>	<u>\$19,873,562</u>	<u>\$19,873,562</u>	<u>\$0</u>

The Bond Anticipation Notes were issued to pay for construction of buildings.

Note 10 - Long-Term Obligations

The changes in the District's long-term obligations during the year consist of the following:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
Bonds Payable:					
Classroom Facilities Bonds Series 2017-1	\$0	\$24,935,000	\$0	\$24,935,000	\$875,000
Classroom Facilities Bonds Premium Series 2017-1	0	2,020,372	0	2,020,372	0
Classroom Facilities Bonds Series 2017-2	0	9,215,000	0	9,215,000	100,000
Classroom Facilities Bonds Premium Series 2017-2	0	713,486	0	713,486	0
Subtotal Bonds	0	36,883,858	0	36,883,858	975,000
Capital Leases	116,922	0	116,922	0	0
Compensated Absences	2,945,941	889,914	461,534	3,374,321	583,725
Subtotals Bonds & Other Amounts	3,062,863	37,773,772	578,456	40,258,179	1,558,725
Net Pension Liability:					
STRS	\$52,275,981	11,234,080	0	63,510,061	0
SERS	10,559,041	3,173,531	0	13,732,572	0
Subtotal Net Pension Liability	62,835,022	14,407,611	0	77,242,633	0
Total Long-Term Obligations	<u>\$65,897,885</u>	<u>\$52,181,383</u>	<u>\$578,456</u>	<u>\$117,500,812</u>	<u>\$1,558,725</u>

Net Pension Liability related to employee compensation will be paid from the fund benefitting from their service.

Compensated absences and the future retirement obligation will be paid from the fund from which the employee is paid. The payments will be made from the general fund and various other governmental funds.

Classroom Facilities Bonds - Series 2017-1 Classroom Facilities bonds were issued on May 9, 2017 and bear an average interest rate of 3.5%. The bonds mature on November 1, 2050. Principal and interest are paid from the debt service and building funds.

Sandusky City School District, Ohio
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For The Fiscal Year Ended June 30, 2017

Classroom Facilities Bonds – Series 2017-2 Classroom Facilities bonds were issued on May 9, 2017 and bear an average interest rate of 3.0%. The bonds mature on November 1, 2037. Principal and interest are paid from the debt service fund.

The following is a summary of the District's future annual debt service requirements to maturity for bonds:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2018	\$975,000	\$1,550,658	\$2,525,658
2019	345,000	1,504,826	1,849,826
2020	355,000	1,494,275	1,849,275
2021	365,000	1,483,525	1,848,525
2022	375,000	1,475,613	1,850,613
2023-2027	2,165,000	7,193,912	9,358,912
2028-2032	2,980,000	6,707,750	9,687,750
2033-2037	4,180,000	5,995,700	10,175,700
2038-2042	5,845,000	4,906,650	10,751,650
2043-2047	8,135,000	3,174,125	11,309,125
2048-2051	8,430,000	872,250	9,302,250
Total	<u>\$34,150,000</u>	<u>\$36,359,284</u>	<u>\$70,509,284</u>

Note 11 - Risk Management

Comprehensive

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 fiscal year 2017, the District has contracted with Indiana Insurance Company to provide insurance coverage in the amounts below.

<u>Limits of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability		
Each Occurrence	\$1,000,000	\$2,500
Aggregate	2,000,000	0
Fleet:		
Comprehensive/Collision	1,000,000	1,000
Umbrella Liability and Fleet	3,000,000	10,000
Buildings and Contents	107,890,481	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior fiscal year.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Health Benefits

The District has established a risk management fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the risk management fund provides coverage for up to a maximum of \$175,000 for each health benefits claim. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of \$651,919 reported in the basic financial statements at June 30, 2017, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The claims liability is expected to be paid in the next fiscal year. Changes in claims activity for the current and previous fiscal years are as follows:

	Beginning Balance	Current Year Claims	Claims Payments	Balance End of Year
2017	\$657,195	\$5,223,997	\$5,229,273	\$651,919
2016	572,234	4,871,550	4,786,589	657,195

Workers’ Compensation Rating Program

The District participates in the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan (GRP), a public entity risk pool (Note 2). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers’ compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts than can meet the GRP’s selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

Note 12 - 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.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

The net pension liability represents the employer’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 obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions are financed; however, the employer 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 – Non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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 or \$86.00 multiplied by the years of service credit. 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 employer 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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$900,573 for fiscal year 2017. Of this amount \$182,099 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

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

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

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$2,969,796 for fiscal year 2017. Of this amount \$498,788 is reported as accrued wages and benefits.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the 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:

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,732,572	\$63,510,061	\$77,242,633
Proportion of Net Pension Prior Measurement Date	0.18504840%	0.18915164%	
Proportion of the Net Pension Current Measurement Date	<u>0.18762710%</u>	<u>0.18973511%</u>	
Change in Proportionate Share Pension Expense	0.00257870%	0.00058347%	
	1,716,422	4,714,945	6,431,367

At June 30, 2017, 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	\$185,220	\$2,566,112	\$2,751,332
Changes of assumptions	916,724	0	916,724
Net difference between projected and actual earnings on pension plan investments	1,132,738	5,273,041	6,405,779
Changes in employer proportionate share of net pension liability	134,640	132,400	267,040
Contributions subsequent to the measurement date	<u>900,573</u>	<u>2,969,796</u>	<u>3,870,369</u>
Total Deferred Outflows of Resources	<u>\$3,269,895</u>	<u>\$10,941,349</u>	<u>\$14,211,244</u>
Deferred Inflows of Resources			
Changes in employer proportionate share of net pension liability	<u>0</u>	<u>74,784</u>	<u>74,784</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$74,784</u>	<u>\$74,784</u>

\$3,870,369 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. 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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Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2018	\$611,267	\$1,249,346	\$1,860,613
2019	610,450	1,249,347	1,859,797
2020	821,990	3,272,760	4,094,750
2021	325,615	2,125,316	2,450,931
Total	<u>\$2,369,322</u>	<u>\$7,896,769</u>	<u>\$10,266,091</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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50-18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 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 RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$18,181,070	\$13,732,572	\$10,008,995

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2016, 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, including inflation
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, 2016, 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, 2016. 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

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the 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%)
Proportionate share of the net pension liability	\$84,399,710	\$63,510,061	\$45,888,410

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the net pension liability is expected to be significant.

Note 13 - Post Employment Benefits

School Employees Retirement System

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

The Ohio Revised Code provides the statutory authority to fund SERS’ postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$104,057, \$93,289, and \$148,421, respectively.

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

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 2017, 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, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

Note 14 – Contingencies

School District Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Litigation

The District is party to legal proceedings, but management believes that any liability not covered by insurance would be immaterial to the District.

Note 15 - Statutory Reserves

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2017, the reserve activity was as follows:

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2016	\$0
Current Year Set Aside Requirements	549,619
Qualified Disbursements	(142,466)
Current Year Offsets	(407,153)
Set Aside Reserve Balance as of June 30, 2017	<u>0</u>
Restricted Cash as of June 30, 2017	<u>\$0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 16 – 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:

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Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Fund Balances	General	Building	Classroom Facilities	Other Governmental Funds	Total
Nonspendable:					
Perpetual Care	\$0	\$0	\$0	\$10,000	\$10,000
Total Nonspendable	0	0	0	10,000	10,000
Restricted for:					
Other Grants	0	0	0	123,389	123,389
Special Trust	0	0	0	151,190	151,190
District Managed Student Activity	0	0	0	158,041	158,041
Classroom Facilities	0	0	19,824,970	0	19,824,970
Education Foundation	0	0	0	132,686	132,686
Able/Job Grant	0	0	0	10,006	10,006
Auxiliary Services	0	0	0	7,350	7,350
Building	0	15,484,552	0	0	15,484,552
Adult Basic Education	0	0	0	7,978	7,978
Classroom Maintenance	0	0	0	158,373	158,373
Food Service	0	0	0	653,565	653,565
Debt Service	0	0	0	2,218,519	2,218,519
Permanent Improvement	0	0	0	556,592	556,592
Permanent	0	0	0	147,455	147,455
Total Restricted	0	15,484,552	19,824,970	4,325,144	39,634,666
Assigned to:					
Public Schools	83,365	0	0	0	83,365
Replacement	0	0	0	26,673	26,673
Encumbrances	221,480	0	0	0	221,480
Total Assigned	304,845	0	0	26,673	331,518
Unassigned (Deficit)	6,030,338	0	0	(328,622)	5,701,716
Total Fund Balance	\$6,335,183	\$15,484,552	\$19,824,970	\$4,033,195	\$45,677,900

Encumbrances (assigned) will be used for instruction, support services and capital improvements throughout the District.

Note 17 – Construction and other Commitments

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

<u>Description</u>	<u>Remaining Commitment</u>
General	\$466,957
Other Governmental - Permanent Improvement	152,233
All Other Governmental	4,855,117

Sandusky City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 18 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units – An Amendment of GASB No. 14*.

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

Note 19 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") and Enterprise Zone Agreement ("EZA") programs with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, The City of Sandusky has entered into CRA and EZA agreements. Under these agreements the District's property taxes were reduced by \$246,464 in 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Sandusky City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.18973511%	0.18915164%	0.18958761%	0.18958761%
District's Proportionate Share of the Net Pension Liability	\$63,510,061	\$52,275,981	\$46,114,268	\$54,783,081
District's Covered-Employee Payroll	\$20,499,943	\$20,033,743	\$20,860,662	\$20,954,031
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	309.81%	260.94%	221.06%	261.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2014 is not available. Additional years' information will be displayed as it becomes available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Sandusky City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.187627%	0.185048%	0.184211%	0.184211%
District's Proportionate Share of the Net Pension Liability	\$13,732,572	\$10,559,041	\$9,322,814	\$10,957,722
District's Covered-Employee Payroll	\$6,591,600	\$6,815,053	\$5,406,883	\$6,396,590
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	208.33%	154.94%	172.42%	171.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - Information prior to 2014 is not available. Additional years' information will be displayed as it becomes available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Sandusky City School District
 Required Supplementary Information
 Schedule of District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$2,969,796	\$2,869,992	\$2,804,724	\$2,711,886	\$2,724,024	\$3,134,760	\$3,236,004	\$2,943,444	\$3,056,412	\$3,267,912
Contributions in Relation to the Contractually Required Contribution	(2,969,796)	(2,869,992)	(2,804,724)	(2,711,886)	(2,724,024)	(3,134,760)	(3,236,004)	(2,943,444)	(3,056,412)	(3,267,912)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$21,212,829	\$20,499,943	\$20,033,743	\$20,860,662	\$20,954,031	\$24,113,538	\$24,892,338	\$22,641,877	\$23,510,862	\$25,137,785
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

Sandusky City School District
 Required Supplementary Information
 Schedule of District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$900,573	\$922,824	\$898,224	\$749,394	\$885,288	\$852,576	\$874,680	\$820,836	\$779,772	\$802,500
Contributions in Relation to the Contractually Required Contribution	(900,573)	(922,824)	(898,224)	(749,394)	(885,288)	(852,576)	(874,680)	(820,836)	(779,772)	(802,500)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$6,432,664	\$6,591,600	\$6,815,053	\$5,406,883	\$6,396,590	\$6,338,855	\$6,958,473	\$6,062,304	\$7,924,512	\$8,172,098
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

See accompanying notes to the required supplementary information.

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$18,646,570	\$18,963,775	\$18,786,735	(\$177,040)
Revenue in lieu of taxes	30,713	31,236	30,944	(292)
Tuition and Fees	889,661	904,796	896,349	(8,447)
Investment Earnings	16,063	16,337	16,184	(153)
Intergovernmental	26,060,277	26,503,601	26,256,171	(247,430)
Charges for Services	6,326	6,434	6,374	(60)
Other Revenues	164,644	167,445	165,882	(1,563)
Total Revenues	45,814,254	46,593,624	46,158,639	(434,985)
Expenditures:				
Current:				
Instruction:				
Regular	21,115,888	21,749,829	21,618,329	131,500
Special	7,410,628	7,633,110	7,586,960	46,150
Vocational	1,344,320	1,384,679	1,376,307	8,372
Other	92,238	95,007	94,433	574
Support Services:				
Pupil	2,287,526	2,356,202	2,341,956	14,246
Instructional Staff	1,525,646	1,571,449	1,561,948	9,501
General Administration	193,924	199,746	198,538	1,208
School Administration	3,055,896	3,147,640	3,128,609	19,031
Fiscal	788,877	812,561	807,648	4,913
Business	172,180	177,349	176,277	1,072
Operations and Maintenance	3,214,417	3,310,920	3,290,902	20,018
Pupil Transportation	1,628,492	1,677,383	1,667,241	10,142
Central	608,297	626,559	622,771	3,788
Operation of Non-Instructional Services	172,073	177,239	176,167	1,072
Extracurricular Activities	913,944	941,383	935,691	5,692
Capital Outlay	8,254	8,501	8,450	51
Total Expenditures	44,532,600	45,869,557	45,592,227	277,330
Excess of Revenues Over (Under) Expenditures	1,281,654	724,067	566,412	(157,655)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	12,429	12,640	12,522	(118)
Advances In	45,655	46,431	45,998	(433)
Advances (Out)	(30,948)	(31,877)	(31,684)	193
Total Other Financing Sources (Uses)	27,136	27,194	26,836	(358)
Changes in Fund Balance	1,308,790	751,261	593,248	(158,013)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	7,621,583	7,621,583	7,621,583	0
Fund Balance - End of Year	\$8,930,373	\$8,372,844	\$8,214,831	(\$158,013)

See accompanying notes to the required supplementary information.

Sandusky City School District, Ohio
Notes to the Required Supplementary Information
For The Year Fiscal Ended June 30, 2017

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. During the course of fiscal year 2017, the District amended its budget at several times, however none were significant.

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 2017.

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. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not appropriated.

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 Balances – Budget and Actual (Non-GAAP Budgetary Basis) 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 all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).

Sandusky City School District, Ohio
Notes to the Required Supplementary Information
For The Year Fiscal Ended June 30, 2017

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$378,932)
Revenue Accruals	321,862
Expenditure Accruals	1,058,541
Transfers (In)	(6,000)
Advances In	45,998
Advances (Out)	(31,684)
Encumbrances	(448,177)
Funds Budgeted Elsewhere	31,640
Budget Basis	\$593,248

Note 2 – SERS Change in Assumptions

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (1) discount rate was reduced from 7.75% to 7.50% , (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (7) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (8) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Note 3 – STRS Change in Assumptions

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Building Fund

A fund used to account for the receipts and expenditures related to all specific bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund

A fund provided to account for monies received and expended in connection with contracts entered into by the school district and the Ohio Department of Education for the building and equipping of classroom facilities.

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Building Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$4,108	\$4,109	\$1
Total Revenues	4,108	4,109	1
Expenditures:			
Capital Outlay	136,279	136,277	2
Total Expenditures	136,279	136,277	2
Excess of Revenues Over (Under) Expenditures	(132,171)	(132,168)	3
Other Financing Sources (Uses):			
Proceeds of Long-Term Capital-Related Debt	15,498,027	15,500,951	2,924
Total Other Financing Sources (Uses)	15,498,027	15,500,951	2,924
Changes in Fund Balance	15,365,856	15,368,783	2,927
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$15,365,856	\$15,368,783	\$2,927

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Classroom Facilities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$13,586	\$13,589	\$3
Total Revenues	13,586	13,589	3
Expenditures:			
Current:			
Capital Outlay	6,000,000	4,447,996	1,552,004
Total Expenditures	6,000,000	4,447,996	1,552,004
Excess of Revenues Over (Under) Expenditures	(5,986,414)	(4,434,407)	1,552,007
Other Financing Sources (Uses):			
Proceeds of Short-Term Notes	19,807,150	19,811,381	4,231
Total Other Financing Sources (Uses)	19,807,150	19,811,381	4,231
Changes in Fund Balance	13,820,736	15,376,974	1,556,238
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$13,820,736	\$15,376,974	\$1,556,238

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in the debt service fund. The District has only one Debt Service Fund for fiscal year 2017.

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Fund

The Permanent fund should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for the purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. The Permanent fund does not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. The District has only one Permanent Fund for fiscal year 2017.

Sandusky City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Other (Nonmajor) Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$1,570,554	\$1,900,533	\$538,315	\$157,455	\$4,166,857
Receivables (Net):					
Taxes	208,830	1,036,167	865,577	0	2,110,574
Accounts	20,907	0	0	0	20,907
Intergovernmental	883,814	0	0	0	883,814
Inventory	16,393	0	0	0	16,393
Total Assets	2,700,498	2,936,700	1,403,892	157,455	7,198,545
Liabilities:					
Accounts Payable	76,428	0	78,018	0	154,446
Accrued Wages and Benefits	678,924	0	0	0	678,924
Compensated Absences	9,659	0	0	0	9,659
Interfund Payable	31,684	0	0	0	31,684
Total Liabilities	796,695	0	78,018	0	874,713
Deferred Inflows of Resources:					
Property Taxes	169,474	718,181	742,609	0	1,630,264
Grants and Other Taxes	660,373	0	0	0	660,373
Total Deferred Inflows of Resources	829,847	718,181	742,609	0	2,290,637
Fund Balances:					
Nonspendable	0	0	0	10,000	10,000
Restricted	1,402,578	2,218,519	556,592	147,455	4,325,144
Assigned	0	0	26,673	0	26,673
Unassigned (Deficit)	(328,622)	0	0	0	(328,622)
Total Fund Balances	1,073,956	2,218,519	583,265	157,455	4,033,195
Total Liabilities, Deferred Inflows and Fund Balances	\$2,700,498	\$2,936,700	\$1,403,892	\$157,455	\$7,198,545

Sandusky City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Other (Nonmajor) Governmental Funds
Revenues:					
Property and Other Taxes	\$157,004	\$1,268,547	\$760,603	\$0	\$2,186,154
Investment Earnings	7,696	3,054	0	2,098	12,848
Intergovernmental	6,427,898	28,675	98,267	0	6,554,840
Extracurricular Activities	217,479	0	0	0	217,479
Charges for Services	107,974	0	0	0	107,974
Revenue in Lieu of Taxes	0	0	573	0	573
Gifts and Donations	0	0	0	25,447	25,447
Other Revenues	118,603	1,018	4,000	0	123,621
Total Revenues	7,036,654	1,301,294	863,443	27,545	9,228,936
Expenditures:					
Current:					
Instruction:					
Regular	184,600	0	104,694	0	289,294
Special	2,367,508	0	88,190	0	2,455,698
Vocational	179,918	0	0	0	179,918
Adult/Continuing	206,695	0	0	0	206,695
Support Services:					
Pupil	322,948	0	0	0	322,948
Instructional Staff	447,447	0	31,800	0	479,247
School Administration	59,088	0	0	0	59,088
Fiscal	2,216	18,796	16,676	0	37,688
Business	12,836	0	0	0	12,836
Pupil Transportation	80,391	0	162,840	0	243,231
Central	12,600	0	0	0	12,600
Operation of Non-Instructional Services	3,131,248	0	0	0	3,131,248
Extracurricular Activities	261,385	0	5,250	0	266,635
Capital Outlay	0	0	424,582	0	424,582
Debt Service:					
Interest and Fiscal Charges	0	464,945	0	0	464,945
Total Expenditures	7,268,880	483,741	834,032	0	8,586,653
Excess of Revenues Over (Under) Expenditures	(232,226)	817,553	29,411	27,545	642,283
Other Financing Sources (Uses):					
Issuance of Long-Term Capital-Related Debt	0	18,649,049	0	0	18,649,049
Premium on the Issuance of Debt	0	2,733,858	0	0	2,733,858
Transfers (Out)	(6,000)	(19,993,836)	0	0	(19,999,836)
Total Other Financing Sources (Uses)	(6,000)	1,389,071	0	0	1,383,071
Changes in Fund Balance	(238,226)	2,206,624	29,411	27,545	2,025,354
Fund Balance - Beginning of Year	1,312,182	11,895	553,854	129,910	2,007,841
Fund Balance - End of Year	\$1,073,956	\$2,218,519	\$583,265	\$157,455	\$4,033,195

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NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Adult Education - The adult education is used to account for educational opportunities offered on a tuition basis to adults living within the community. This fund is split between a special revenue fund and the general fund for GAAP reporting purposes. The special revenue portion only accounts for grant monies the District received and spent during the fiscal year and is included in the Nonmajor Special Revenue Funds - Combining Balance Sheet and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) is shown combined (not split between the special revenue fund and general fund) and is included in the Other General Funds section.

Other Grants - A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

Special Trust - A fund used to account for trust agreements in which the principal and income is used to support District programs.

District Managed Student Activity - A fund used to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

Auxiliary Services - A fund used to account for monies which provide services and materials to pupils attending non-public schools within the school district.

Public School Preschool - A fund used to assist school districts in paying the cost of preschool programs for three and four year olds.

SchoolNet OneNet - A fund used to account for state funds related to the District's SchoolNet OneNet program.

Able/Job Grant - A fund established to provide assistance to welfare recipients to fund employment. The school district collaborates with the Department of Human Services in preparing participants for the work force by providing them with skills, development, work experience and placement.

Adult Basic Education - A fund used to account for the Federal monies used to provide programs in reading, writing and math competency for adults who have not earned a high school diploma.

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Title VI B - A fund used to account Federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Vocational Education - Provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

Basic Educational Opportunity Grant - Provision of funds to assist in making available the benefits of post-secondary education to qualified students.

Title I - A fund used to account for funds which are to: 1) establish or improve programs designed to meet the special educational need of migratory children of migratory agricultural workers or migratory fishers' and 2) enable State education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records of other information about migratory children.

EHA Preschool Grant - The Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for the handicapped children ages three (3) through five (5) years.

Improving Teacher Quality - A fund used to account for monies to hire additional classroom teachers in grades one through three so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants - To account for various monies received directly from the federal government, which are, not classified elsewhere.

Food Service - A fund used to account for all revenues and expenditures related to food service operations.

Classroom Facilities Maintenance - A fund used to account for proceeds of a levy for the maintenance of facilities.

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Education Foundation - A fund used to account for the proceeds of any bequest, gift, or endowment given to the school district for the Education Foundation Fund or given without conditions or limitations; or, for the proceeds of a transfer from the General Fund of up to one-half of one per cent of the total estimated appropriations included in the school district's tax budget; or, in the case of a county board of education, an amount not to exceed one-half of one percent of the funds received by the county board pursuant to Section 3317.11 of the Revised Code. All boards of education must receipt any interest earnings on the principal of the Education Foundation Fund into the Fund. Monies in the Fund shall be expended only by resolution adopted by a majority of the members of the board for operating or capital costs of any existing or new and innovative program designed to enhance or promote education within the district, such as scholarships for students or teachers.

Title I School Improvement - A fund used to account for grant monies to help raise the achievement of students in the District.

Title III Limited English Proficiency - A fund used to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency. These programs provide structured English language instruction, with respect to the years of study to which the program is applicable, and instruction in the child's native language to the extent necessary to allow a child to achieve competence in English. The instruction must incorporate the cultural heritage of these children and of other children in American society. The instruction must be, to the extent necessary, in all courses or subjects of study which will allow a child to meet grade promotion and graduation standards.

Sandusky City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Adult Education	Other Grants	Special Trust	District Managed Student Activity
Assets:				
Equity in Pooled Cash and Investments	\$0	\$139,789	\$151,190	\$162,417
Receivables (Net):				
Taxes	0	0	0	0
Accounts	0	0	0	1,150
Intergovernmental	0	0	0	0
Inventory	0	0	0	0
Total Assets	0	139,789	151,190	163,567
Liabilities:				
Accounts Payable	0	16,400	0	5,526
Accrued Wages and Benefits	0	0	0	0
Compensated Absences	0	0	0	0
Interfund Payable	0	0	0	0
Total Liabilities	0	16,400	0	5,526
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Grants and Other Taxes	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Restricted	0	123,389	151,190	158,041
Unassigned (Deficit)	0	0	0	0
Total Fund Balances	0	123,389	151,190	158,041
Total Liabilities, Deferred Inflows and Fund Balances	\$0	\$139,789	\$151,190	\$163,567

Auxiliary Services	Public School PreSchool	SchoolNet OneNet	Able/Job Grant	Adult Basic Education	Title VI B	Vocational Education
\$30,812	\$25	\$0	\$10,006	\$1	\$298	\$2,302
0	0	0	0	0	0	0
0	794	0	0	0	2,357	0
0	42,892	0	0	14,111	163,977	5,325
0	0	0	0	0	0	0
<u>30,812</u>	<u>43,711</u>	<u>0</u>	<u>10,006</u>	<u>14,112</u>	<u>166,632</u>	<u>7,627</u>
23,462	0	0	0	0	290	2,301
0	47,223	0	0	0	140,137	0
0	0	0	0	0	0	0
0	0	0	0	0	7,024	2,301
<u>23,462</u>	<u>47,223</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>147,451</u>	<u>4,602</u>
0	0	0	0	0	0	0
0	26,251	0	0	6,134	113,243	5,325
0	26,251	0	0	6,134	113,243	5,325
7,350	0	0	10,006	7,978	0	0
0	(29,763)	0	0	0	(94,062)	(2,300)
<u>7,350</u>	<u>(29,763)</u>	<u>0</u>	<u>10,006</u>	<u>7,978</u>	<u>(94,062)</u>	<u>(2,300)</u>
<u>\$30,812</u>	<u>\$43,711</u>	<u>\$0</u>	<u>\$10,006</u>	<u>\$14,112</u>	<u>\$166,632</u>	<u>\$7,627</u>

Continued

Sandusky City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Basic Educational Opportunity Grant	Title I	EHA PreSchool Grant	Improving Teacher Quality
Assets:				
Equity in Pooled Cash and Investments	\$0	\$2,494	\$2	\$12,491
Receivables (Net):				
Taxes	0	0	0	0
Accounts	0	5,129	108	288
Intergovernmental	0	441,663	11,021	184,441
Inventory	0	0	0	0
Total Assets	0	449,286	11,131	197,220
Liabilities:				
Accounts Payable	0	0	0	4,468
Accrued Wages and Benefits	0	305,014	6,406	17,148
Compensated Absences	0	0	0	0
Interfund Payable	0	0	0	22,187
Total Liabilities	0	305,014	6,406	43,803
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Grants and Other Taxes	0	331,901	8,106	156,879
Total Deferred Inflows of Resources	0	331,901	8,106	156,879
Fund Balances:				
Restricted	0	0	0	0
Unassigned (Deficit)	0	(187,629)	(3,381)	(3,462)
Total Fund Balances	0	(187,629)	(3,381)	(3,462)
Total Liabilities, Deferred Inflows and Fund Balances	\$0	\$449,286	\$11,131	\$197,220

Miscellaneous Federal Grants	Food Service	Classroom Facilities Maintenance	Education Foundation	Title I School Improvement	Title III Limited English Proficiency	Total Nonmajor Special Revenue Funds
\$0	\$806,962	\$119,017	\$132,686	\$2	\$60	\$1,570,554
0	0	208,830	0	0	0	208,830
0	10,862	0	0	219	0	20,907
0	2,925	0	0	17,287	172	883,814
0	16,393	0	0	0	0	16,393
0	837,142	327,847	132,686	17,508	232	2,700,498
0	23,921	0	0	0	60	76,428
0	149,997	0	0	12,999	0	678,924
0	9,659	0	0	0	0	9,659
0	0	0	0	0	172	31,684
0	183,577	0	0	12,999	232	796,695
0	0	169,474	0	0	0	169,474
0	0	0	0	12,534	0	660,373
0	0	169,474	0	12,534	0	829,847
0	653,565	158,373	132,686	0	0	1,402,578
0	0	0	0	(8,025)	0	(328,622)
0	653,565	158,373	132,686	(8,025)	0	1,073,956
\$0	\$837,142	\$327,847	\$132,686	\$17,508	\$232	\$2,700,498

Sandusky City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	Adult Education	Other Grants	Special Trust	District Managed Student Activity	Auxiliary Services
Revenues:					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	974	0	202
Intergovernmental	206,695	0	0	0	464,503
Extracurricular Activities	0	2,083	0	215,396	0
Charges for Services	0	0	0	3,498	0
Other Revenues	0	22,494	0	67,975	0
Total Revenues	206,695	24,577	974	286,869	464,705
Expenditures:					
Current:					
Instruction:					
Regular	0	2,897	0	0	0
Special	0	79,432	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	206,695	0	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	0	0	0	0
School Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
Business	0	0	3,107	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	26,524	0	0	531,674
Extracurricular Activities	0	0	1,457	259,928	0
Total Expenditures	206,695	108,853	4,564	259,928	531,674
Excess of Revenues Over (Under) Expenditures	0	(84,276)	(3,590)	26,941	(66,969)
Other Financing Sources (Uses):					
Transfers (Out)	0	0	(6,000)	0	0
Total Other Financing Sources (Uses)	0	0	(6,000)	0	0
Changes in Fund Balance	0	(84,276)	(9,590)	26,941	(66,969)
Fund Balance - Beginning of Year	0	207,665	160,780	131,100	74,319
Fund Balance - End of Year	\$0	\$123,389	\$151,190	\$158,041	\$7,350

Public School PreSchool	SchoolNet OneNet	Able/Job Grant	Adult Basic Education	Title VI B	Vocational Education	Basic Educational Opportunity Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
153,749	12,600	27,288	133,923	883,344	102,045	225,943
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>153,749</u>	<u>12,600</u>	<u>27,288</u>	<u>133,923</u>	<u>883,344</u>	<u>102,045</u>	<u>225,943</u>
181,703	0	0	0	0	0	0
0	0	0	0	615,999	0	0
0	0	0	92,843	0	87,075	0
0	0	0	0	0	0	0
500	0	27,289	0	161,326	0	0
0	0	0	37,534	11,621	998	0
0	0	0	4,848	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	80,391	0	0
0	12,600	0	0	0	0	0
0	0	0	0	98,747	0	225,943
0	0	0	0	0	0	0
<u>182,203</u>	<u>12,600</u>	<u>27,289</u>	<u>135,225</u>	<u>968,084</u>	<u>88,073</u>	<u>225,943</u>
<u>(28,454)</u>	<u>0</u>	<u>(1)</u>	<u>(1,302)</u>	<u>(84,740)</u>	<u>13,972</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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(28,454)</u>	<u>0</u>	<u>(1)</u>	<u>(1,302)</u>	<u>(84,740)</u>	<u>13,972</u>	<u>0</u>
<u>(1,309)</u>	<u>0</u>	<u>10,007</u>	<u>9,280</u>	<u>(9,322)</u>	<u>(16,272)</u>	<u>0</u>
<u>(\$29,763)</u>	<u>\$0</u>	<u>\$10,006</u>	<u>\$7,978</u>	<u>(\$94,062)</u>	<u>(\$2,300)</u>	<u>\$0</u>

Continued

Sandusky City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	Title I	EHA PreSchool Grant	Improving Teacher Quality	Miscellaneous Federal Grants
Revenues:				
Property and Other Taxes	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0
Intergovernmental	1,702,111	38,975	176,140	4,239
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	1,702,111	38,975	176,140	4,239
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Special	1,556,122	42,106	1,415	1,731
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupil	104,535	1,176	0	1,122
Instructional Staff	222,330	565	166,084	1,386
School Administration	54,240	0	0	0
Fiscal	0	0	0	0
Business	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	31,823	0	13,934	0
Extracurricular Activities	0	0	0	0
Total Expenditures	1,969,050	43,847	181,433	4,239
Excess of Revenues Over (Under) Expenditures	(266,939)	(4,872)	(5,293)	0
Other Financing Sources (Uses):				
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Changes in Fund Balance	(266,939)	(4,872)	(5,293)	0
Fund Balance - Beginning of Year	79,310	1,491	1,831	0
Fund Balance - End of Year	(\$187,629)	(\$3,381)	(\$3,462)	\$0

Food Service	Classroom Facilities Maintenance	Education Foundation	Title I School Improvement	Title III Limited English Proficiency	Total Nonmajor Special Revenue Funds
\$0	\$157,004	\$0	\$0	\$0	\$157,004
0	36	6,484	0	0	7,696
2,199,704	3,549	0	86,450	6,640	6,427,898
0	0	0	0	0	217,479
104,476	0	0	0	0	107,974
0	0	28,134	0	0	118,603
<u>2,304,180</u>	<u>160,589</u>	<u>34,618</u>	<u>86,450</u>	<u>6,640</u>	<u>7,036,654</u>
0	0	0	0	0	184,600
0	0	0	64,063	6,640	2,367,508
0	0	0	0	0	179,918
0	0	0	0	0	206,695
0	0	0	27,000	0	322,948
0	0	0	6,929	0	447,447
0	0	0	0	0	59,088
0	2,216	0	0	0	2,216
0	0	9,729	0	0	12,836
0	0	0	0	0	80,391
0	0	0	0	0	12,600
2,202,603	0	0	0	0	3,131,248
0	0	0	0	0	261,385
<u>2,202,603</u>	<u>2,216</u>	<u>9,729</u>	<u>97,992</u>	<u>6,640</u>	<u>7,268,880</u>
<u>101,577</u>	<u>158,373</u>	<u>24,889</u>	<u>(11,542)</u>	<u>0</u>	<u>(232,226)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,000)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,000)</u>
<u>101,577</u>	<u>158,373</u>	<u>24,889</u>	<u>(11,542)</u>	<u>0</u>	<u>(238,226)</u>
<u>551,988</u>	<u>0</u>	<u>107,797</u>	<u>3,517</u>	<u>0</u>	<u>1,312,182</u>
<u>\$653,565</u>	<u>\$158,373</u>	<u>\$132,686</u>	<u>(\$8,025)</u>	<u>\$0</u>	<u>\$1,073,956</u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Other Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$2,178	\$2,083	(\$95)
Other Revenues	23,525	22,494	(1,031)
Total Revenues	25,703	24,577	(1,126)
Expenditures:			
Current:			
Instruction:			
Regular	5,268	2,897	2,371
Special	157,882	86,831	71,051
Operation of Non-Instructional Services	52,201	28,709	23,492
Total Expenditures	215,351	118,437	96,914
Changes in Fund Balance	(189,648)	(93,860)	95,788
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	211,731	211,731	0
Fund Balance - End of Year	\$22,083	\$117,871	\$95,788

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Special Trust Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$95,771	\$974	(\$94,797)
Total Revenues	95,771	974	(94,797)
Expenditures:			
Current:			
Support Services:			
Business	47,968	3,107	44,861
Extracurricular Activities	22,494	1,457	21,037
Total Expenditures	70,462	4,564	65,898
Excess of Revenues Over (Under) Expenditures	25,309	(3,590)	(28,899)
Other Financing Sources (Uses):			
Transfers (Out)	(92,633)	(6,000)	86,633
Total Other Financing Sources (Uses)	(92,633)	(6,000)	86,633
Changes in Fund Balance	(67,324)	(9,590)	57,734
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	160,782	160,782	0
Fund Balance - End of Year	\$93,458	\$151,192	\$57,734

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	District Managed Student Activity Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$220,942	\$215,321	(\$5,621)
Charges for Services	3,589	3,498	(91)
Other Revenues	68,646	66,900	(1,746)
Total Revenues	293,177	285,719	(7,458)
Expenditures:			
Current:			
Extracurricular Activities	429,892	273,962	155,930
Total Expenditures	429,892	273,962	155,930
Changes in Fund Balance	(136,715)	11,757	148,472
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	140,754	140,754	0
Fund Balance - End of Year	\$4,039	\$152,511	\$148,472

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$206	\$202	(\$4)
Intergovernmental	472,710	464,503	(8,207)
Total Revenues	472,916	464,705	(8,211)
Expenditures:			
Current:			
Operation of Non-Instructional Services	538,480	534,578	3,902
Total Expenditures	538,480	534,578	3,902
Excess of Revenues Over (Under) Expenditures	(65,564)	(69,873)	(4,309)
Other Financing Sources (Uses):			
Transfers In	73,169	71,899	(1,270)
Transfers (Out)	(72,424)	(71,899)	525
Total Other Financing Sources (Uses)	745	0	(745)
Changes in Fund Balance	(64,819)	(69,873)	(5,054)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	74,320	74,320	0
Fund Balance - End of Year	\$9,501	\$4,447	(\$5,054)

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Public School PreSchool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$194,691	\$151,799	(\$42,892)
Total Revenues	194,691	151,799	(42,892)
Expenditures:			
Current:			
Instruction:			
Regular	196,623	153,845	42,778
Support Services:			
Pupil	639	500	139
Total Expenditures	197,262	154,345	42,917
Changes in Fund Balance	(2,571)	(2,546)	25
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	2,571	2,571	0
Fund Balance - End of Year	\$0	\$25	\$25

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	SchoolNet OneNet Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$12,600	\$12,600	\$0
Total Revenues	12,600	12,600	0
Expenditures:			
Current:			
Support Services:			
Central	12,600	12,600	0
Total Expenditures	12,600	12,600	0
Changes in Fund Balance	0	0	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Able/Job Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$27,288	\$27,288	\$0
Total Revenues	27,288	27,288	0
Expenditures:			
Current:			
Support Services:			
Pupil	27,288	27,289	(1)
Total Expenditures	27,288	27,289	(1)
Changes in Fund Balance	0	(1)	(1)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	10,009	10,009	0
Fund Balance - End of Year	\$10,009	\$10,008	(\$1)

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Adult Basic Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$149,180	\$135,128	(\$14,052)
Total Revenues	<u>149,180</u>	<u>135,128</u>	<u>(14,052)</u>
Expenditures:			
Current:			
Instruction:			
Adult/continuing	102,220	92,843	9,377
Support Services:			
Instructional Staff	41,277	37,534	3,743
School Administration	5,331	4,848	483
Total Expenditures	<u>148,828</u>	<u>135,225</u>	<u>13,603</u>
Excess of Revenues Over (Under) Expenditures	<u>352</u>	<u>(97)</u>	<u>(449)</u>
Other Financing Sources (Uses):			
Advances (Out)	(174)	(158)	16
Transfers In	617	559	(58)
Transfers (Out)	(615)	(559)	56
Total Other Financing Sources (Uses)	<u>(172)</u>	<u>(158)</u>	<u>14</u>
Changes in Fund Balance	180	(255)	(435)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>260</u>	<u>260</u>	<u>0</u>
Fund Balance - End of Year	<u>\$440</u>	<u>\$5</u>	<u>(\$435)</u>

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Title VI B Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,106,915	\$951,112	(\$155,803)
Total Revenues	<u>1,106,915</u>	<u>951,112</u>	<u>(155,803)</u>
Expenditures:			
Current:			
Instruction:			
Special	707,714	609,506	98,208
Support Services:			
Pupil	186,756	160,840	25,916
Instructional Staff	28,574	24,609	3,965
Pupil Transportation	93,344	80,391	12,953
Operation of Non-Instructional Services	<u>114,658</u>	<u>98,747</u>	<u>15,911</u>
Total Expenditures	<u>1,131,046</u>	<u>974,093</u>	<u>156,953</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,131)</u>	<u>(22,981)</u>	<u>1,150</u>
Other Financing Sources (Uses):			
Advances In	<u>8,175</u>	<u>7,024</u>	<u>(1,151)</u>
Total Other Financing Sources (Uses)	<u>8,175</u>	<u>7,024</u>	<u>(1,151)</u>
Changes in Fund Balance	(15,956)	(15,957)	(1)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>15,957</u>	<u>15,957</u>	<u>0</u>
Fund Balance - End of Year	<u>\$1</u>	<u>\$0</u>	<u>(\$1)</u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Vocational Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$105,002	\$102,045	(\$2,957)
Total Revenues	<u>105,002</u>	<u>102,045</u>	<u>(2,957)</u>
Expenditures:			
Current:			
Instruction:			
Vocational	105,874	103,347	2,527
Support Services:			
Instructional Staff	1,022	998	24
Total Expenditures	<u>106,896</u>	<u>104,345</u>	<u>2,551</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,894)</u>	<u>(2,300)</u>	<u>(406)</u>
Other Financing Sources (Uses):			
Advances In	2,368	2,301	(67)
Advances (Out)	(19,864)	(19,390)	474
Total Other Financing Sources (Uses)	<u>(17,496)</u>	<u>(17,089)</u>	<u>407</u>
Changes in Fund Balance	(19,390)	(19,389)	1
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>19,390</u>	<u>19,390</u>	<u>0</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$1</u>	<u>\$1</u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Basic Educational Opportunity Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$247,640	\$225,943	(\$21,697)
Total Revenues	247,640	225,943	(21,697)
Expenditures:			
Current:			
Operation of Non-Instructional Services	235,943	225,943	10,000
Total Expenditures	235,943	225,943	10,000
Changes in Fund Balance	11,697	0	(11,697)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$11,697	\$0	(\$11,697)

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,388,711	\$1,924,475	(\$464,236)
Total Revenues	<u>2,388,711</u>	<u>1,924,475</u>	<u>(464,236)</u>
Expenditures:			
Current:			
Instruction:			
Special	1,864,677	1,501,406	363,271
Support Services:			
Pupil	148,138	119,278	28,860
Instructional Staff	271,602	218,689	52,913
School Administration	71,727	57,753	13,974
Operation of Non-Instructional Services	<u>39,523</u>	<u>31,823</u>	<u>7,700</u>
Total Expenditures	<u>2,395,667</u>	<u>1,928,949</u>	<u>466,718</u>
Changes in Fund Balance	(6,956)	(4,474)	2,482
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>6,955</u>	<u>6,955</u>	<u>0</u>
Fund Balance - End of Year	<u><u>(\$1)</u></u>	<u><u>\$2,481</u></u>	<u><u>\$2,482</u></u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	EHA PreSchool Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$53,689	\$42,668	(\$11,021)
Total Revenues	53,689	42,668	(11,021)
Expenditures:			
Current:			
Instruction:			
Special	52,316	41,736	10,580
Support Services:			
Pupil	1,474	1,176	298
Instructional Staff	708	565	143
Total Expenditures	54,498	43,477	11,021
Changes in Fund Balance	(809)	(809)	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	809	809	0
Fund Balance - End of Year	\$0	\$0	\$0

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Improving Teacher Quality Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$306,878	\$182,351	(\$124,527)
Total Revenues	306,878	182,351	(124,527)
Expenditures:			
Current:			
Instruction:			
Special	2,294	1,415	879
Support Services:			
Instructional Staff	307,317	189,540	117,777
Operation of Non-Instructional Services	23,740	14,642	9,098
Total Expenditures	333,351	205,597	127,754
Excess of Revenues Over (Under) Expenditures	(26,473)	(23,246)	3,227
Other Financing Sources (Uses):			
Advances In	37,339	22,187	(15,152)
Advances (Out)	(31,121)	(19,194)	11,927
Total Other Financing Sources (Uses)	6,218	2,993	(3,225)
Changes in Fund Balance	(20,255)	(20,253)	2
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	20,255	20,255	0
Fund Balance - End of Year	\$0	\$2	\$2

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Miscellaneous Federal Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$4,239	\$4,239	\$0
Total Revenues	4,239	4,239	0
Expenditures:			
Current:			
Instruction:			
Special	1,732	1,732	0
Support Services:			
Instructional Staff	1,122	1,122	0
School Administration	1,386	1,386	0
Total Expenditures	4,240	4,240	0
Changes in Fund Balance	(1)	(1)	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	(\$1)	(\$1)	\$0

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,177,674	\$2,158,896	(\$18,778)
Charges for Services	96,325	95,494	(831)
Total Revenues	<u>2,273,999</u>	<u>2,254,390</u>	<u>(19,609)</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services	<u>2,169,608</u>	<u>2,111,654</u>	<u>57,954</u>
Total Expenditures	<u>2,169,608</u>	<u>2,111,654</u>	<u>57,954</u>
Changes in Fund Balance	104,391	142,736	38,345
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>556,602</u>	<u>556,602</u>	<u>0</u>
Fund Balance - End of Year	<u>\$660,993</u>	<u>\$699,338</u>	<u>\$38,345</u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Classroom Facilities Maintenance Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$117,701	\$117,648	(\$53)
Investment Earnings	36	36	0
Intergovernmental	3,551	3,549	(2)
Total Revenues	121,288	121,233	(55)
Expenditures:			
Current:			
Support Services:			
Fiscal	20,000	2,216	17,784
Total Expenditures	20,000	2,216	17,784
Changes in Fund Balance	101,288	119,017	17,729
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$101,288	\$119,017	\$17,729

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Education Foundation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$6,626	\$6,484	(\$142)
Other Revenues	28,750	28,134	(616)
Total Revenues	35,376	34,618	(758)
Expenditures:			
Current:			
Support Services:			
Business	34,447	9,729	24,718
Total Expenditures	34,447	9,729	24,718
Changes in Fund Balance	929	24,889	23,960
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	107,798	107,798	0
Fund Balance - End of Year	\$108,727	\$132,687	\$23,960

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Title I School Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$105,663	\$88,346	(\$17,317)
Total Revenues	105,663	88,346	(17,317)
Expenditures:			
Current:			
Instruction:			
Special	65,287	55,204	10,083
Support Services:			
Pupil	31,932	27,000	4,932
Instructional Staff	6,142	5,193	949
Total Expenditures	103,361	87,397	15,964
Excess of Revenues Over (Under) Expenditures	2,302	949	(1,353)
Other Financing Sources (Uses):			
Advances (Out)	(8,580)	(7,255)	1,325
Total Other Financing Sources (Uses)	(8,580)	(7,255)	1,325
Changes in Fund Balance	(6,278)	(6,306)	(28)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	6,308	6,308	0
Fund Balance - End of Year	\$30	\$2	(\$28)

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Title III Limited English Proficiency Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$10,714	\$6,468	(4,246)
Total Revenues	10,714	6,468	(4,246)
Expenditures:			
Current:			
Instruction:			
Special	10,541	6,639	3,902
Total Expenditures	10,541	6,639	3,902
Excess of Revenues Over (Under) Expenditures	173	(171)	(344)
Other Financing Sources (Uses):			
Advances In	285	172	(113)
Total Other Financing Sources (Uses)	285	172	(113)
Changes in Fund Balance	458	1	(457)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance - End of Year	\$458	\$1	(\$457)

NONMAJOR DEBT SERVICE FUND

Fund Description

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in the debt service fund. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Debt Retirement Fund has been included in the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$950,566	\$950,561	(\$5)
Investment Earnings	3,054	3,054	0
Intergovernmental	28,675	28,675	0
Other Revenues	<u>1,150,313</u>	<u>1,150,307</u>	<u>(6)</u>
Total Revenues	<u>2,132,608</u>	<u>2,132,597</u>	<u>(11)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	18,808	18,796	12
Debt Service:			
Principal Retirement	<u>20,006,883</u>	<u>19,993,836</u>	<u>13,047</u>
Total Expenditures	<u>20,025,691</u>	<u>20,012,632</u>	<u>13,059</u>
Excess of Revenues Over (Under) Expenditures	<u>(17,893,083)</u>	<u>(17,880,035)</u>	<u>13,048</u>
Other Financing Sources (Uses):			
Proceeds of Long-Term Capital-Related Debt	<u>19,768,770</u>	<u>19,768,673</u>	<u>(97)</u>
Total Other Financing Sources (Uses)	<u>19,768,770</u>	<u>19,768,673</u>	<u>(97)</u>
Changes in Fund Balance	1,875,687	1,888,638	12,951
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>11,895</u>	<u>11,895</u>	<u>0</u>
Fund Balance - End of Year	<u>\$1,887,582</u>	<u>\$1,900,533</u>	<u>\$12,951</u>

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NONMAJOR CAPITAL PROJECT FUNDS

Fund Descriptions

Permanent Improvement - A fund used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by chapter 5705, Revised Code.

Replacement - A fund used to account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause. Such property may have become unfit for use necessitating its demolition in whole or in part, and may require repair or restoration before it can again be used.

Sandusky City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2017

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$511,642	\$26,673	\$538,315
Receivables (Net):			
Taxes	865,577	0	865,577
Total Assets	1,377,219	26,673	1,403,892
Liabilities:			
Accounts Payable	78,018	0	78,018
Total Liabilities	78,018	0	78,018
Deferred Inflows of Resources:			
Property Taxes	742,609	0	742,609
Total Deferred Inflows of Resources	742,609	0	742,609
Fund Balances:			
Restricted	556,592	0	556,592
Assigned	0	26,673	26,673
Total Fund Balances	556,592	26,673	583,265
Total Liabilities, Deferred Inflows and Fund Balances	\$1,377,219	\$26,673	\$1,403,892

Sandusky City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2017

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Revenues:			
Property and Other Taxes	\$760,603	\$0	\$760,603
Intergovernmental	98,267	0	98,267
Revenue in Lieu of Taxes	573	0	573
Other Revenues	4,000	0	4,000
Total Revenues	863,443	0	863,443
Expenditures:			
Current:			
Instruction:			
Regular	104,694	0	104,694
Special	88,190	0	88,190
Support Services:			
Instructional Staff	31,800	0	31,800
Fiscal	16,676	0	16,676
Pupil Transportation	162,840	0	162,840
Extracurricular Activities	5,250	0	5,250
Capital Outlay	424,582	0	424,582
Total Expenditures	834,032	0	834,032
Changes in Fund Balance	29,411	0	29,411
Fund Balance - Beginning of Year	527,181	26,673	553,854
Fund Balance - End of Year	<u>\$556,592</u>	<u>\$26,673</u>	<u>\$583,265</u>

Sandusky City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$824,717	\$813,209	(\$11,508)
Revenue in lieu of taxes	581	573	(8)
Intergovernmental	99,658	98,267	(1,391)
Other Revenues	4,057	4,000	(57)
Total Revenues	<u>929,013</u>	<u>916,049</u>	<u>(12,964)</u>
Expenditures:			
Current:			
Instruction:			
Regular	274,492	264,605	9,887
Special	91,485	88,190	3,295
Support Services:			
Instructional Staff	32,988	31,800	1,188
Fiscal	17,299	16,676	623
Pupil Transportation	168,924	162,840	6,084
Extracurricular Activities	5,446	5,250	196
Capital Outlay	530,697	511,582	19,115
Total Expenditures	<u>1,121,331</u>	<u>1,080,943</u>	<u>40,388</u>
Changes in Fund Balance	(192,318)	(164,894)	27,424
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>524,301</u>	<u>524,301</u>	<u>0</u>
Fund Balance - End of Year	<u>\$331,983</u>	<u>\$359,407</u>	<u>\$27,424</u>

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Replacement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Capital Outlay	0	0	(0)
Total Expenditures	0	0	(0)
Changes in Fund Balance	0	0	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	26,673	26,673	0
Fund Balance - End of Year	<u>\$26,673</u>	<u>\$26,673</u>	<u>\$0</u>

NONMAJOR PERMANENT FUND

Fund Description

Permanent Fund - The Permanent fund should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for the purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. The Permanent fund does not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Nonmajor Governmental Funds Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Permanent Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$2,098	\$2,098	\$0
Other Revenues	25,447	25,447	0
Total Revenues	27,545	27,545	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	0	0	(0)
Total Expenditures	0	0	(0)
Changes in Fund Balance	27,545	27,545	(0)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	129,909	129,909	0
Fund Balance - End of Year	\$157,454	\$157,454	(\$0)

OTHER GENERAL FUNDS

With the implementation of GASB Statement No. 54, certain funds that the District prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The District has only presented the budget schedules for these funds.

Fund Descriptions

Public School Support - A fund used to account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sale of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Adult Education - A fund used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Public School Support Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$70,531	\$70,213	(\$318)
Other Revenues	40,220	40,038	(182)
Total Revenues	<u>110,751</u>	<u>110,251</u>	<u>(500)</u>
Expenditures:			
Current:			
Extracurricular Activities	<u>177,415</u>	<u>100,510</u>	<u>76,905</u>
Total Expenditures	<u>177,415</u>	<u>100,510</u>	<u>76,905</u>
Changes in Fund Balance	(66,664)	9,741	76,405
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>67,140</u>	<u>67,140</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$476</u></u>	<u><u>\$76,881</u></u>	<u><u>\$76,405</u></u>

(1) This fund is combined with the General fund in GAAP Statements.

Sandusky City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	Adult Education Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$510,254	\$500,620	(\$9,634)
Intergovernmental	210,673	206,695	(3,978)
Other Revenues	116,953	114,745	(2,208)
Total Revenues	837,880	822,060	(15,820)
Expenditures:			
Current:			
Instruction:			
Adult/continuing	978,832	886,290	92,542
Total Expenditures	978,832	886,290	92,542
Changes in Fund Balance	(140,952)	(64,230)	76,722
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	235,942	235,942	0
Fund Balance - End of Year	\$94,990	\$171,712	\$76,722

(1) This fund is split between the General fund and Nonmajor Special Revenue funds in the GAAP Statements.

NONMAJOR FUNDS

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Scholarship Trust (Private Purpose Trust) - A fund used to account for monies set aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

Endowment (Private Purpose Trust) - A fund used to account for monies set aside from endowments for scholarships for students enrolled in the District. The income from such a fund may be expended, but the principal must remain intact.

District Agency (Agency Fund) - A fund used to account for those assets held by a school district as an agent for individuals, private organization, other governmental units, and/or other funds.

Student Managed Activity (Agency Fund) - A fund used to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

Sandusky City School District
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2017

	Scholarship Trust	Endowment	Total
Assets:			
Equity in Pooled Cash and Investments	\$669,501	\$8,594,993	\$9,264,494
Receivables (Net):			
Interest	0	17,058	17,058
Total Assets	<u>669,501</u>	<u>8,612,051</u>	<u>9,281,552</u>
Liabilities:			
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net Position:			
Held in Trust	<u>669,501</u>	<u>8,612,051</u>	<u>9,281,552</u>
Total Net Position	<u>\$669,501</u>	<u>\$8,612,051</u>	<u>\$9,281,552</u>

Sandusky City School District
 Combining Statement of Changes in Fiduciary Net Position
 Private Purpose Trust Funds
 For the Fiscal Year Ended June 30, 2017

	Scholarship Trust	Endowment	Total
Additions:			
Investment Earnings	\$979	\$970,197	\$971,176
Other	98,270	0	98,270
Total Additions	<u>99,249</u>	<u>970,197</u>	<u>1,069,446</u>
Deductions:			
Scholarships	74,771	81,167	155,938
Total Deductions	<u>74,771</u>	<u>81,167</u>	<u>155,938</u>
Changes in Fiduciary Net Position	24,478	889,030	913,508
Net Position - Beginning of Year	<u>645,023</u>	<u>7,723,021</u>	<u>8,368,044</u>
Net Position - End of Year	<u>\$669,501</u>	<u>\$8,612,051</u>	<u>\$9,281,552</u>

Sandusky City School District
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	District Agency			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$27,535	\$1,116,282	\$1,128,954	\$14,863
Receivables (Net):				
Taxes	655,720	649,185	655,720	649,185
Accounts	0	624	0	624
Total Assets	683,255	1,766,091	1,784,674	664,672
Liabilities:				
Accounts Payable	7,286	0	7,286	0
Other Liabilities	675,969	1,766,091	1,777,388	664,672
Total Liabilities	\$683,255	\$1,766,091	\$1,784,674	\$664,672
Student Managed Activity				
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$100,637	\$128,852	\$133,169	\$96,320
Total Assets	100,637	128,852	133,169	96,320
Liabilities:				
Accounts Payable	5,392	602	5,392	602
Other Liabilities	95,245	128,250	127,777	95,718
Total Liabilities	\$100,637	\$128,852	\$133,169	\$96,320
Total All Agency Funds				
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$128,172	\$1,245,134	\$1,262,123	\$111,183
Receivables (Net):				
Taxes	655,720	649,185	655,720	649,185
Accounts	0	624	0	624
Total Assets	783,892	1,894,943	1,917,843	760,992
Liabilities:				
Accounts Payable	12,678	602	12,678	602
Other Liabilities	771,214	1,894,341	1,905,165	760,390
Total Liabilities	\$783,892	\$1,894,943	\$1,917,843	\$760,992

STATISTICAL SECTION

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS

FINANCIAL TRENDS: These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

REVENUE CAPACITY: These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax.

DEBT CAPACITY: These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

ECONOMIC AND DEMOGRAPHIC INFORMATION: These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

OPERATING INFORMATION: These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Sandusky City School District, Ohio
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 1

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$9,733,381	\$10,002,744	\$9,053,163	\$8,898,289	\$8,095,561	\$9,650,349	\$10,570,451	\$10,635,896	\$10,691,843	\$10,627,825
Restricted	1,661,477	1,926,356	1,693,031	1,612,452	1,712,923	1,306,846	2,261,685	2,130,209	2,354,770	37,925,259
Unrestricted	2,064,130	2,146,662	3,098,977	2,185,093	(263,266)	(212,978)	(63,149,693)	(58,077,949)	(52,967,354)	(56,258,344)
Total Governmental Activities Net Position	\$13,458,988	\$14,075,762	\$13,845,171	\$12,695,834	\$9,545,218	\$10,744,217	(\$50,317,557)	(\$45,311,844)	(\$39,920,741)	(\$7,705,260)
Total Primary Government										
Net Investment in Capital Assets	\$9,733,381	\$10,002,744	\$9,053,163	\$8,898,289	\$8,095,561	\$9,650,349	\$10,570,451	\$10,635,896	\$10,691,843	\$10,627,825
Restricted	1,661,477	1,926,356	1,693,031	1,612,452	1,712,923	1,306,846	2,261,685	2,130,209	2,354,770	37,925,259
Unrestricted	2,064,130	2,146,662	3,098,977	2,185,093	(263,266)	(212,978)	(63,149,693)	(58,077,949)	(52,967,354)	(56,258,344)
Total Primary Government Net Position	\$13,458,988	\$14,075,762	\$13,845,171	\$12,695,834	\$9,545,218	\$10,744,217	(\$50,317,557)	(\$45,311,844)	(\$39,920,741)	(\$7,705,260)

Source: District Records

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Sandusky City School District, Ohio
 Expenses, Program Revenues and Net (Expense)/Revenue
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$28,381,015	\$31,120,235	\$32,423,935	\$33,000,997	\$32,320,969	\$30,355,691	\$32,492,793	\$31,501,248	\$31,824,045	\$36,502,846
Pupil	1,966,662	1,949,122	1,810,155	1,808,990	1,905,257	1,964,202	2,054,942	2,235,545	2,478,935	2,645,569
Instructional Staff	2,345,780	1,976,782	2,334,671	2,178,795	2,891,614	2,762,425	1,730,658	1,951,925	2,008,040	2,242,858
General Administration	225,384	219,506	274,123	237,888	194,969	162,727	203,832	193,601	182,920	204,630
School Administration	3,260,728	3,143,151	2,993,558	3,078,638	2,844,207	2,621,850	2,926,608	3,190,007	3,206,215	3,437,227
Fiscal	827,379	790,838	724,600	772,658	775,946	757,378	790,525	718,377	888,242	895,004
Business	167,861	173,166	165,646	165,412	154,022	131,172	272,987	135,626	174,113	195,897
Operations and Maintenance	4,266,515	4,131,032	3,488,446	3,587,482	3,280,303	2,590,459	3,063,508	3,095,214	3,160,807	3,349,576
Pupil Transportation	1,605,498	1,560,103	1,595,977	1,541,087	1,918,458	1,362,330	1,680,628	1,688,292	1,997,595	2,058,289
Central	869,701	961,596	1,211,148	1,358,070	1,330,662	806,153	234,488	390,519	524,488	718,953
Operation of Non-Instructional Services	3,398,658	3,051,796	2,920,946	2,697,028	2,855,443	2,732,734	2,473,124	2,725,322	3,039,467	3,373,837
Extracurricular Activities	1,434,639	1,168,160	987,180	1,178,272	1,065,669	974,228	959,167	1,129,613	1,111,967	1,362,308
Interest and Fiscal Charges	44,512	26,930	56,430	47,986	49,997	69,213	66,312	24,129	23,994	957,888
Total Primary Government Expenses	\$48,794,332	\$50,272,417	\$50,986,815	\$51,653,303	\$51,587,516	\$47,290,562	\$48,949,572	\$48,979,418	\$50,620,828	\$57,944,882

Source: District Records

Sandusky City School District, Ohio
 Expenses, Program Revenues and Net (Expense)/Revenue
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 2 (Continued)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$1,002,817	\$1,269,069	\$1,342,013	\$1,202,149	\$1,096,887	\$1,297,573	\$1,368,131	\$1,397,406	\$1,360,636	\$1,448,617
Pupil	0	0	0	0	0	0	0	2	0	0
Instructional Staff	0	0	0	0	0	0	0	8	0	0
Operations and Maintenance	24,900	34,410	17,499	20,367	20,345	67,628	75,775	65,518	80,554	49,153
Operation of Non-Instructional Services	580,145	522,798	407,386	361,815	316,374	303,114	258,744	128,010	104,431	105,070
Extracurricular Activities	233,068	211,569	237,687	227,689	258,825	203,577	206,555	196,680	224,213	271,479
Operating Grants and Contributions	10,658,668	10,803,543	11,209,417	10,799,672	9,296,132	8,411,980	9,015,833	7,178,726	10,961,374	10,347,117
Capital Grants and Contributions	60,707	57,267	0	0	0	0	0	0	0	0
Total Primary Government Program Revenues	\$12,560,305	\$12,898,656	\$13,214,002	\$12,611,692	\$10,988,563	\$10,283,872	\$10,925,038	\$8,966,350	\$12,731,208	\$12,221,436
Net (Expense)/Revenue										
Total Government Net Expense	(\$36,234,027)	(\$37,373,761)	(\$37,772,813)	(\$39,041,611)	(\$40,598,953)	(\$37,006,690)	(\$38,024,534)	(\$40,013,068)	(\$37,889,620)	(\$45,723,446)

Source: District Records

Sandusky City School District, Ohio
 General Revenues and Total Change in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Schedule 3

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue	(\$36,234,027)	(\$37,373,761)	(\$37,772,813)	(\$39,041,611)	(\$40,598,953)	(\$37,006,690)	(\$38,024,534)	(\$40,013,068)	(\$37,889,620)	(\$45,723,446)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes Levied for General Purposes	17,786,660	18,167,066	16,610,254	17,233,827	16,789,561	18,220,036	17,374,591	19,124,841	19,740,487	17,187,235
Property Taxes Levied for Debt Service Purposes	277,686	77,442	0	0	0	0	0	0	0	1,339,894
Property Taxes Levied for Special Revenue Purposes	0	0	0	0	0	0	0	0	0	165,834
Property Taxes Levied for Capital Projects Purposes	512,033	504,584	787,009	901,848	873,259	823,323	762,374	835,589	855,061	744,731
Grants and Entitlements Not Restricted	17,217,113	18,738,297	19,231,778	19,364,728	19,187,047	18,356,668	19,420,547	23,724,457	21,933,538	22,660,493
Payment in Lieu of Taxes	0	0	92,764	96,184	96,880	102,072	100,209	41,219	34,951	31,517
Unrestricted Contributions	0	0	73,476	119,684	83,824	104,515	66,046	89,974	100,065	146,995
Investment Earnings	406,737	168,072	40,751	64,347	40,283	9,650	26,696	7,666	19,599	67,359
Grants and Entitlements for Capital Construction	0	0	0	0	0	0	0	0	0	35,207,198
Other Revenues	322,576	335,074	706,190	111,656	377,483	589,425	1,491,820	1,195,035	597,022	387,671
Total Governmental Activities General Revenues	36,522,805	37,990,535	37,542,222	37,892,274	37,448,337	38,205,689	39,242,283	45,018,781	43,280,723	77,938,927
Change in Net Position	\$288,778	\$616,774	(\$230,591)	(\$1,149,337)	(\$3,150,616)	\$1,198,999	\$1,217,749	\$5,005,713	\$5,391,103	\$32,215,481

Source: District Records

Sandusky City School District, Ohio
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
Schedule 4

	Fiscal Year									
	2008	2009	2010	2011(1)	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$1,903,046	\$2,536,281	\$1,962,854							
Unreserved	(340,751)	(208,243)	(171,629)							
Nonspendable				\$81,158	\$81,158	\$64,541	\$0	\$0	\$30,961	\$0
Assigned				106,107	344,766	1,816,219	208,268	192,021	318,814	304,845
Unassigned				281,266	(1,381,982)	(2,580,760)	(897,206)	1,873,657	6,364,340	6,030,338
Total General Fund	1,562,295	2,328,038	1,791,225	\$468,531	(\$956,058)	(\$700,000)	(\$688,938)	\$2,065,678	\$6,714,115	\$6,335,183
All Other Governmental Funds										
Reserved	464,214	310,790	384,961							
Unreserved, Reported in:										
Special Revenue Funds	(135,860)	(190,478)	398,779							
Debt Service Funds	269,920	281,697	281,697							
Capital Project Funds	235,258	165,891	146,510							
Permanent Fund	90,256	86,415	87,613							
Nonspendable				\$18,674	\$18,950	\$22,129	\$10,000	\$10,000	\$13,452	\$10,000
Restricted				1,686,944	1,674,006	1,203,970	2,080,963	1,776,592	1,995,607	39,634,666
Assigned				26,673	26,673	26,673	26,673	26,673	26,673	26,673
Unassigned				(107,390)	(153,132)	(181,927)	(165,951)	(7,969)	(27,891)	(328,622)
Total All Other Governmental Funds	\$923,788	\$654,315	\$1,299,560	\$1,624,901	\$1,566,497	\$1,070,845	\$1,951,685	\$1,805,296	\$2,007,841	\$39,342,717

Source: District Records

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance are discussed in the Notes to the Financial Statements.

Sandusky City School District, Ohio
 Governmental Funds Revenues
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)
 Schedule 5

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$18,915,186	\$18,657,994	\$16,889,092	\$18,130,698	\$17,743,250	\$19,140,681	\$18,307,878	\$20,137,379	\$21,221,664	\$19,719,291
Revenue in Lieu of Taxes	0	0	92,764	96,184	96,880	102,072	100,209	41,219	34,951	31,517
Tuition and Fees	703,259	1,037,870	1,293,012	1,152,390	1,091,477	1,288,703	1,354,777	1,387,475	1,348,300	1,417,570
Investment Earnings	350,636	131,761	40,751	64,347	38,593	15,592	26,696	8,975	19,599	67,017
Intergovernmental	28,613,592	29,247,646	31,035,507	30,435,115	28,730,119	26,822,780	28,166,554	30,835,766	32,759,032	32,912,425
Extracurricular Activities	236,953	215,229	224,471	217,955	253,148	203,122	203,708	189,331	220,360	293,590
Charges for Services	565,621	500,573	469,603	419,837	326,882	382,958	350,721	145,300	120,622	114,348
Gifts and Donations	0	0	0	0	0	0	100,000	200,000	150,000	142,994
Other Revenues	806,795	820,605	797,163	253,178	483,921	685,108	1,557,868	1,049,217	627,639	373,496
Total Revenues	\$50,192,042	\$50,611,678	\$50,842,363	\$50,769,704	\$48,764,270	\$48,641,016	\$50,168,411	\$53,994,662	\$56,502,167	\$55,072,248

Source: District Records

Sandusky City School District, Ohio
 Governmental Funds Expenditures and Debt Service Ratio
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 6

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	\$28,743,949	\$30,591,006	\$32,033,762	\$32,600,905	\$31,433,897	\$29,676,350	\$31,348,010	\$32,880,203	\$32,050,211	\$34,562,996
Pupil	2,052,683	1,807,144	1,829,347	1,836,465	1,873,481	1,922,813	2,164,420	2,299,340	2,488,927	2,527,682
Instructional Staff	2,542,778	1,957,169	2,309,095	2,206,983	2,737,651	2,839,513	1,764,700	2,014,057	2,074,358	2,010,985
General Administration	225,384	219,506	274,123	237,888	194,969	162,727	203,832	194,630	183,299	203,529
School Administration	3,334,918	3,120,041	2,975,257	3,117,435	2,850,302	2,717,723	2,848,770	3,310,284	3,260,548	3,051,312
Fiscal	849,145	795,071	714,646	802,536	767,150	762,283	822,485	729,998	896,818	859,360
Business	170,505	164,658	198,493	156,735	154,978	131,178	273,063	138,848	175,532	187,197
Operation and Maintenance	3,781,806	3,744,485	3,363,834	3,543,944	3,243,341	2,927,716	3,056,465	3,155,450	3,151,264	3,268,133
Pupil Transportation	1,527,984	1,556,544	1,444,449	1,433,007	1,711,856	1,578,101	1,696,551	1,649,338	1,824,172	1,916,040
Central	892,227	942,876	1,162,619	1,332,429	1,335,052	1,581,951	629,014	383,971	481,530	625,776
Operation of Non-Instructional Services	3,464,353	3,012,506	2,925,210	2,678,475	2,846,582	2,812,178	2,508,004	2,759,075	3,012,464	3,296,384
Extracurricular Activities	1,331,218	1,048,179	978,170	1,169,547	1,057,148	1,141,822	1,047,831	1,166,587	1,118,836	1,264,795
Capital Outlay	807,741	783,844	773,940	412,540	463,250	273,498	607,530	548,266	776,465	453,540
Debt Service										
Principal Retirement	456,362	386,275	211,285	192,320	203,714	284,554	240,057	136,731	135,966	116,922
Interest and Fiscal Charges	45,198	27,431	56,430	47,986	49,997	69,213	66,312	24,129	23,994	668,033
Total Expenditures	\$50,226,251	\$50,156,735	\$51,250,660	\$51,769,195	\$50,923,368	\$48,881,620	\$49,277,044	\$51,390,907	\$51,654,384	\$55,012,684

Debt Service as a Percentage of Noncapital Expenditures 1.01% 0.83% 0.53% 0.47% 0.50% 0.73% 0.65% 0.32% 0.31% 1.44%

Source: District Records

Sandusky City School District, Ohio
 Other Financing Sources and Uses and Net Change in Fund Balances
 Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 7

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses):										
Issuance of Capital Leases	\$0	\$0	\$516,633	\$0	\$674,475	\$0	\$0	\$0	\$0	\$0
Premium on Bonds Sold	0	0	0	0	0	0	0	0	0	2,733,858
Proceeds From Sale of Bonds	0	0	0	0	0	0	0	0	0	34,150,000
Proceeds from Sale of Capital Assets	0	15,371	96	2,138	1,630	1,010	535	4,472	3,199	12,522
Transfers In	166,354	0	56,952	271,377	75,000	40,719	1,976	40,000	16,513	19,999,836
Transfers (Out)	(166,354)	(26)	(56,952)	(271,377)	(75,000)	(40,719)	(1,976)	(40,000)	(16,513)	(19,999,836)
Total Other Financing Sources (Uses)	0	15,345	516,729	2,138	676,105	1,010	535	4,472	3,199	36,896,380
Net Change in Fund Balances	(\$34,209)	\$470,288	\$108,432	(\$997,353)	(\$1,482,993)	(\$239,594)	\$891,902	\$2,608,227	\$4,850,982	\$36,955,944

Source: District Records

Sandusky City School District, Ohio
 Assessed Value and Actual Value of Taxable Property
 Last Ten Calendar Years (1)
 Schedule 8

Calendar Year	Real Property	Tangible Personal Property	Public Utilities Personal	Total	Total	Total
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value	Direct Rate
2007	\$479,749,690	\$16,223,675	\$15,507,850	\$511,481,215	\$1,461,374,900	76.75
2008	476,798,370	16,445,780	11,862,000	505,106,150	1,443,160,429	76.85
2009	472,478,410	13,774,340	12,639,290	498,892,040	1,425,405,829	76.90
2010	474,487,430	0	13,386,270	487,873,700	1,393,924,857	76.90
2011	470,895,600	0	14,018,140	484,913,740	1,385,467,829	76.91
2012	444,717,630	0	15,218,660	459,936,290	1,314,103,686	82.03
2013	443,263,180	0	16,854,120	460,117,300	1,314,620,857	82.03
2014	442,355,190	0	17,826,120	460,181,310	1,314,803,743	82.03
2015	434,803,970	0	24,933,580	459,737,550	1,313,535,857	82.03
2016	439,675,310	0	20,622,650	460,297,960	1,315,137,029	86.57

Source: County Auditor

(1) - Assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are shown on a calendar year basis, which is consistent with the method county auditors maintain this information.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. House Bill 66 phased out tangible personal property with the last collection during 2010. Telephone personal property was assessed at 10% for 2009, 5% for 2010, and eliminated in 2011.

Sandusky City School District, Ohio
 Direct and Overlapping Property Tax Rates
 Last Ten Calendar Years
 Schedule 9

Calendar Year	District Direct Rates (1)	Overlapping Rates (1)		
		Erie County	City of Sandusky	Library
2007	76.75	8.80	4.25	0.70
2008	76.85	8.80	4.25	0.70
2009	76.90	8.80	4.25	1.50
2010	76.90	8.80	4.25	1.50
2011	76.91	8.80	4.25	1.50
2012	82.03	8.80	4.25	1.50
2013	82.03	8.80	4.25	1.50
2014	82.03	8.90	4.25	1.50
2015	82.03	9.10	5.25	1.50
2016	86.57	9.10	5.25	1.50

Source: County Auditor

(1) - The components that make up the District Direct Rate were not available from the County Auditor, only the Total Direct Rate is available.

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Sandusky City School District, Ohio
Principal Property Tax Payers
Current and Nine Calendar Years Ago
Schedule 10

2016		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cedar Point Park LLC	\$38,465,620	8.36%
Ohio Edison Company	12,388,700	2.69%
Norfolk & Western Railway Company	6,279,980	1.36%
Fireland Regional Medical Center	3,680,240	0.80%
Columbia Gas of Ohio	3,515,440	0.76%
Key Real Estate Ltd	3,110,130	0.68%
American Transmission Systems Inc	2,749,460	0.60%
Providence Care Center	2,614,180	0.57%
S&S Reality Ltd.	2,379,380	0.52%
Myers Industries Inc.	2,055,720	0.45%
	<u>\$77,238,850</u>	<u>16.78%</u>

2007		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cedar Fair LP	\$41,907,320	8.19%
Ohio Edison Company	8,175,830	1.60%
Fireland Regional Medical Center	4,248,000	0.83%
Norfolk & Western Railway Company	4,147,590	0.81%
S&S Reality Ltd.	3,714,080	0.73%
Key Real Estate Ltd	2,881,790	0.56%
Ohio Bell Telephone	2,566,770	0.50%
Myers Industries	2,291,000	0.45%
Providence Care Center	2,194,100	0.43%
Sandusky Limited	1,844,400	0.36%
	<u>\$73,970,880</u>	<u>14.46%</u>

Source: County Auditor

Sandusky City School District, Ohio
Property Tax Levies and Collections
Last Ten Calendar Years
Schedule 11

Calendar Year (1)	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2007	\$19,393,383	\$18,429,294	95.03%	\$964,089	\$19,393,383	100.00%
2008	19,473,593	18,217,297	93.55%	997,192	19,214,489	98.67%
2009	19,576,235	18,305,209	93.51%	901,441	19,206,650	98.11%
2010	20,126,714	18,994,615	94.38%	1,132,099	20,126,714	100.00%
2011	20,271,460	18,904,661	93.26%	1,106,137	20,010,798	98.71%
2012	23,609,523	20,103,937	85.15%	819,623	20,923,560	88.62%
2013	25,624,152	22,180,851	86.56%	1,122,650	23,303,501	90.94%
2014	25,586,853	22,316,070	87.22%	1,208,385	23,524,455	91.94%
2015	25,790,953	22,562,329	87.48%	1,024,376	23,586,705	91.45%
2016	25,907,539	23,418,250	90.39%	1,077,727	24,495,977	94.55%

Source: County Auditor

(1) - Per county auditor, amounts in earlier years based on fiscal years; amounts have been readjusted to reflect calendar year.

(2) - State reimbursements of rollback and homestead exemptions are included

Sandusky City School District, Ohio
 Outstanding Debt by Type
 Last Ten Fiscal Years
 Schedule 12

Fiscal Year	Governmental Activities			Debt Service Fund Balance	Net Bonded General Obligation Bonds	Net Bonded Debt Per Capita	Ratio of Net Bonded Debt to Actual Value of Taxable Property (1)	Total Outstanding Debt	Percentage of Total Debt to Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Capital Leases	Capital Leases							
2008	\$135,000	\$581,716	\$298,281	\$0	\$0.00	0.00%	\$716,716	0.05%	\$25.74	
2009	0	330,441	281,697	0	0.00	0.00%	330,441	0.02%	11.87	
2010	0	635,789	281,697	0	0.00	0.00%	635,789	0.04%	22.83	
2011	0	443,469	11,895	0	0.00	0.00%	443,469	0.03%	17.19	
2012	0	914,230	11,895	0	0.00	0.00%	914,230	0.07%	35.44	
2013	0	629,676	11,895	0	0.00	0.00%	629,676	0.05%	24.41	
2014	0	389,619	11,895	0	0.00	0.00%	389,619	0.03%	15.11	
2015	0	252,888	11,895	0	0.00	0.00%	252,888	0.02%	9.80	
2016	0	116,922	11,895	0	0.00	0.00%	116,922	0.01%	4.53	
2017	34,150,000	0	2,218,519	31,931,481	1,237.99	2.43%	34,150,000	2.60%	1,324.00	

Source: District Records

(1) - On the calendar year basis

Sandusky City School District, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2017
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Erie County	\$12,529,525	22.34%	\$2,799,096
Sandusky City	<u>14,285,075</u>	100.00%	<u>14,285,075</u>
Subtotal, Overlapping Debt	<u>26,814,600</u>		<u>17,084,171</u>
District Direct Debt	<u>34,150,000</u>	100.00%	<u>34,150,000</u>
Total Direct and Overlapping Debt	<u><u>\$60,964,600</u></u>		<u><u>\$51,234,171</u></u>

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

Sandusky City School District, Ohio
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value (1)	\$460,297,960
Debt limit (9% of assessed value)	41,426,816
Debt applicable to limit	31,931,481
Net Debt Applicable to Limit	31,931,481
Legal debt margin	\$9,495,335

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$46,033,309	\$45,459,554	\$44,900,284	\$43,908,633	\$43,642,237	\$41,394,266	\$41,410,557	\$41,416,318	\$41,376,380	\$41,426,816
Total Net Debt Applicable to Limit	0	0	0	0	0	0	0	0	0	0
Legal Debt Margin	\$46,033,309	\$45,459,554	\$44,900,284	\$43,908,633	\$43,642,237	\$41,394,266	\$41,410,557	\$41,416,318	\$41,376,380	\$41,426,816
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	77.08%

Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2017 is calendar year 2016)

Sandusky City School District, Ohio
Demographic and Economic Statistics
Last Ten Calendar Years
Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2007	27,844	\$2,770,246	\$35,807	5.9%
2008	27,844	2,827,187	36,446	7.3%
2009	27,844	2,693,239	34,939	11.5%
2010	25,793	2,786,959	36,177	10.4%
2011	25,793	2,928,925	38,161	8.7%
2012	25,793	3,112,036	40,735	7.3%
2013	25,793	3,201,413	42,097	7.5%
2014	25,793	3,260,811	43,003	6.2%
2015	25,793	3,723,307	49,283	5.0%
2016	25,793	3,471,576	46,222	5.9%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau
 - (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Erie County
 - (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Erie County
 - (4) - Ohio Department of Job and Family Services - Office of Workforce Development - Bureau of Labor Market Information -- Annual Average for Erie County

Sandusky City School District, Ohio
Major Employers (1)
Current and Nine Calendar Years Ago
Schedule 16

2016

Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
Cedar Fair/Cedar Point	Entertainment	6,070	47.30%
Firelands Regional Medical Center	Service	2,043	15.92%
Sandusky City Schools	Government	753	5.87%
Erie County Government	Government	592	4.60%
Providence Care Center	Service	361	2.81%
Kyklos Bearing Inc	Manufacturing	310	2.42%
Lewco, Inc.	Manufacturing	219	1.71%
Stein Hospice Service	Service	197	1.53%
Sandusky International, Inc.	Manufacturing	160	1.25%
Okamoto Sandusky Manufacturing	Manufacturing	131	1.02%

2007

Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
Mangnum Management Corp.	Entertainment	6,195	49.17%
Firelands Regional Health System	Hospital	1,600	12.70%
Sandusky Board of Education	Education	857	6.80%
Erie County	Government	727	5.77%
Delphi Automotive System	Automotive	500	3.97%
City of Sandusky	Government	295	2.34%
Ford Motor Company	Manufacturing	260	2.06%
FMC Food Tech	Food Equipment	251	1.99%
Sandusky International Inc	Manufacturing	130	1.03%
Sandusky Limited	Port Facilities	121	0.96%

Source: Reginal Income Tax Agency (RITA)

(1) - For all of Erie County

(2) - Includes at minimum the ten largest employers for the county

Sandusky City School District, Ohio
 Certificated Staff Training
 Last Ten Fiscal Years
 Schedule 17

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Certificated Staff Training	32	39	39	19	15	13	18	21	30	35
Bachelors Degree	24	21	21	16	10	7	8	10	11	18
Bachelors Degree +12	88	72	72	64	52	43	36	38	37	41
Bachelors Degree +24	103	108	108	100	88	69	66	63	54	62
Masters Degree	44	48	48	62	54	58	55	55	51	59
Masters Degree +12	51	71	71	67	60	68	68	72	76	88
Masters Degree +24	342	359	359	328	279	258	251	259	259	303
Total Certificated Staff Training										

Source: District Records

Sandusky City School District, Ohio
 Full Time Equivalents (FTE) by Function/Program
 Last Ten Fiscal Years
 Schedule 18

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration:	29	25	25	27	27	26	26	28	28	32
Adult Education:	10	6	6	6	6	5	5	5	5	4
Certificated Staff:										
Teaching Staff:										
Preschool	5	5	6	5	5	5	5	7	6	7
Elementary School K-6	127	132	130	128	107	107	107	119	120	120
Jr. High School 7-8	45	43	48	34	40	34	34	28	29	35
High School 9-12	86	92	93	92	82	66	61	54	63	66
Tutors	44	26	26	27	15	15	13	13	15	20
Others	17	15	30	27	12	15	15	22	9	0
Auxiliary Positions:										
Counselors	9	9	9	9	8	7	7	7	7	7
Speech Therapists	5	5	4	4	6	6	6	6	6	6
Psychologists	4	4	4	4	4	3	3	3	4	6
Total Certified Staff	342	331	350	330	279	258	251	259	259	303
Support Staff:										
Secretarial	33	33	33	32	31	32	36	30	26	37
Teacher Aides	36	38	30	50	40	39	39	52	50	50
Technical	0	1	1	1	1	1	1	2	1	1
Cafeteria Workers	34	34	34	30	29	23	23	25	25	25
Custodial	31	30	30	29	24	22	21	22	23	25
Maintenance	4	4	4	4	4	4	4	4	4	4
Bus Driver	33	33	33	30	32	31	30	26	25	28
Mechanics	2	2	2	2	2	1	1	1	2	2
Total Support Staff	173	175	167	178	163	153	155	162	156	172
Grand Total	554	537	548	541	475	442	437	454	448	475

Source: District Records

Sandusky City School District, Ohio
 Operating Statistics
 Last Ten Fiscal Years
 Schedule 19

Fiscal Year	Enrollment	Operating Expenditure (1)	Expenses (2)	Cost Per Pupil (3)	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Student Attendance Percentage	Percentage of Students Receiving Free or Reduced-Price Meals
2008	3,836	\$48,962,148	\$48,794,332	\$12,764	3.91%	324	12	95.30%	71.50%
2009	3,641	48,986,616	50,272,417	13,454	4.82%	313	12	94.00%	71.00%
2010	3,451	50,265,435	50,986,815	14,565	(1.18%)	333	10	94.00%	74.10%
2011	3,400	51,164,335	51,653,303	15,048	(2.73%)	330	10	93.70%	68.32%
2012	3,811	50,256,404	51,587,516	13,187	1.14%	279	14	93.70%	69.77%
2013	3,855	48,323,568	47,290,562	12,535	(4.94%)	258	15	94.20%	76.34%
2014	3,291	48,429,457	48,949,572	14,716	17.40%	251	13	93.90%	77.73%
2015	3,366	50,681,781	48,979,418	15,057	2.32%	259	13	94.30%	100.00%
2016	3,877	50,717,959	50,620,828	13,082	(13.12%)	259	15	94.30%	100.00%
2017	3,760	53,774,189	57,944,882	14,302	9.33%	303	12	95.80%	100.00%

Source: District Records

(1) - Operating Expenditure is Total Expenditures minus Capital Outlay and Debt Service from Schedule 6

(2) - Expenses is Total Expenses from Schedule 2

(3) - Operating Expenditure by Enrollment.

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Sandusky City School District, Ohio
 School Building Information
 Last Ten Fiscal Years
 Schedule 20

School	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary:										
Hancock Elementary (1923/1928/1931/1949/1966)										
Square feet	47,223	47,223	47,223	47,223	47,223	47,223	47,223	47,223	47,223	47,223
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	323	324	327	327	349	343	409	462	496	485
Percent of Capacity (1)	62%	62%	62%	62%	66%	65%	78%	88%	94%	92%
Madison Elementary (1939/1991)										
Square feet	29,937	29,937	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Capacity	250	250	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Enrollment	231	151	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Percent of Capacity (1)	92%	60%	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mills Elementary (1954/1991)										
Square feet	38,605	38,605	38,605	38,605	38,605	38,605	38,605	38,605	38,605	38,605
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	304	288	333	333	305	316	371	390	424	412
Percent of Capacity (1)	64%	61%	70%	70%	64%	67%	78%	82%	89%	87%
Monroe Elementary (1894/1903/1991)										
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Capacity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Percent of Capacity (1)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Ontario Elementary (1952/1968)										
Square feet	42,347	42,347	42,347	42,347	42,347	42,347	42,347	42,347	42,347	42,347
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	368	377	415	415	422	429	452	440	420	396
Percent of Capacity (1)	74%	75%	83%	83%	84%	86%	90%	88%	84%	79%
Osborne Elementary (1890/1991)										
Square feet	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842	43,842
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	317	280	340	340	385	374	380	371	384	383
Percent of Capacity (1)	85%	75%	91%	91%	103%	100%	101%	99%	102%	102%

Source: District Records

- (1) - Enrollment divided by Capacity
- (2) - School closed
- (3) - Building Sold

Sandusky City School District, Ohio
 School Building Information
 Last Ten Fiscal Years
 Schedule 20 (continued)

School	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary (continued):										
Venice Heights Elementary (1970)										
Square feet	43,740	43,740	43,740	43,740	43,740	43,740	43,740	43,740	43,740	43,740
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	392	389	408	408	402	363	403	399	390	345
Percent of Capacity (1)	71%	71%	74%	74%	73%	66%	73%	73%	71%	62%
Junior High:										
Adams Jr. High (1867/1914/1977)										
Square feet	91,935	91,935	91,935	91,935	91,935	91,935	(2)	(2)	(2)	(2)
Capacity	500	500	500	500	500	500	(2)	(2)	(2)	(2)
Enrollment	260	241	450	450	444	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (1)	52%	48%	90%	90%	89%	(2)	(2)	(2)	(2)	(2)
Jackson Jr. High (1898/1927/1937)										
Square feet	86,994	86,994	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Capacity	500	500	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Enrollment	260	241	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (1)	52%	48%	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
High School:										
Sandusky High School (1957/1967/1970/1973)										
Square feet	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000
Capacity	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Enrollment	1,252	1,276	1,119	1,170	861	1,170	1,276	1,304	1,219	1,323
Percent of Capacity (1)	56%	57%	50%	52%	38%	52%	57%	58%	54%	59%
Alternative School:										
Baker Alternative School (1874/1924)										
Square feet	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Capacity	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Enrollment	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Percent of Capacity (1)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)

Source: District Records

- (1) - Enrollment divided by Capacity
- (2) - School closed
- (3) - Building Sold

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