



OHIO AUDITOR OF STATE
KEITH FABER



**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2018**

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**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio, as of June 30, 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General, Classroom Facilities Maintenance, and School Wide Building Program Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2019

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ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

The discussion and analysis of the Alexander Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The net position of the District at June 30, 2018 is \$5,663,945. This balance was comprised of a \$2,094,205 balance in net position amounts restricted for specific purposes and a balance of \$3,569,740 in unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$711,704, which represents an 14.37 percent increase from 2017.
- ▶ General receipts accounted for \$16,771,076 or 82.15 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$3,643,363 or 17.85 percent of total receipts of \$20,414,439.
- ▶ The District had \$19,797,757 in disbursements related to governmental activities; \$3,643,363 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$16,771,076 were used to provide for the remainder of these programs.
- ▶ The District recognizes four major governmental funds: the General, Classroom Facilities Maintenance, School Wide Building Program and Bond Retirement Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$17,649,832 in receipts and \$13,133,886 in disbursements in fiscal year 2018.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and 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.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. 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. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as cash received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Classroom Facilities Maintenance, School Wide Building Program and Bond Retirement Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called the cash basis of accounting.

Proprietary Funds

The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions of the workers compensation program.

Fiduciary Funds

The District's only fiduciary funds are agency funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the cash basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2018 compared to fiscal year 2017:

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 1
Net Position at Year End

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<u>Assets:</u>		
Cash and Cash Equivalents	<u>\$5,663,945</u>	<u>\$4,952,241</u>
<i>Total Assets</i>	<u><u>\$5,663,945</u></u>	<u><u>\$4,952,241</u></u>
<u>Net Position:</u>		
Restricted	\$2,094,205	\$1,617,811
Unrestricted	<u>3,569,740</u>	<u>3,334,430</u>
<i>Total Net Position</i>	<u><u>\$5,663,945</u></u>	<u><u>\$4,952,241</u></u>

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

Cash and cash equivalents increased \$711,704 from fiscal year 2017 due to the significant decrease in disbursements.

The District's largest portion of net position is unrestricted assets. This net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$2,094,205 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2018 and comparisons to fiscal year 2017.

Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<u>Receipts:</u>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,849,795	\$1,660,761
Operating Grants and Contributions	1,793,568	1,857,979
Capital Grants and Contributions	0	75,000
<i>General Receipts:</i>		
Property Taxes	6,085,114	5,557,755
Unrestricted Grants and Entitlements	10,429,203	10,351,194
Investment Earnings	62,165	52,028
Proceeds from Sale of Capital Assets	5,100	6,587
Refunding Bonds Issued	0	2,415,000
Lease Purchase Agreement Proceeds	0	1,500,000
Miscellaneous	189,494	137,992
<i>Total Receipts</i>	<u>20,414,439</u>	<u>23,614,296</u>
<u>Disbursements:</u>		
<i>Instruction:</i>		
Regular	7,416,342	7,030,575
Special	2,187,211	2,100,122
Vocational	170,163	158,343
Student Intervention Services	45,000	0
Other	1,537,502	1,516,837

(Continued)

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<i>Support Services:</i>		
Pupils	1,427,459	1,314,139
Instructional Staff	344,551	430,960
Board of Education	163,292	246,180
Administration	1,276,899	1,165,772
Fiscal	503,545	517,306
Operation and Maintenance of Plant	1,239,862	1,351,496
Pupil Transportation	1,256,278	1,443,396
Central	292,317	264,969
<i>Operation of Non-Instructional Services:</i>		
Food Service	719,953	650,064
Other	1,273	3,157
Extracurricular Activities	435,342	410,786
Capital Outlay	34,985	1,680,478
Principal Retirement	570,000	460,000
Interest and Fiscal Charges	175,783	170,860
Payments to Refunding Bond Escrow Agent	0	2,465,438
Issuance Costs	0	46,150
<i>Total Disbursements</i>	<u>19,797,757</u>	<u>23,427,028</u>
<i>Change in Net Position Before Extraordinary Item</i>	616,682	187,268
Extraordinary Item	<u>95,022</u>	<u>97,508</u>
<i>Change in Net Position</i>	711,704	284,776
Net Position - Beginning of Year	<u>4,952,241</u>	<u>4,667,465</u>
Net Position - End of Year	<u><u>\$5,663,945</u></u>	<u><u>\$4,952,241</u></u>

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Other Instruction, Pupils, Administration, Pupil Transportation and Operation and Maintenance of Plant. These programs account for 82.54 percent of the total governmental activities. Regular Instruction, which accounts for 37.46 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.05 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Other Instruction, which represents 7.77 percent of the total, represents costs associated with the instruction of students that cannot be defined as regular, special or vocational instruction. Pupils, which represents 7.21 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process. Administration, which represents 6.45 percent of the total, represents costs associated with the overall administration responsibility for each building and the District as a whole. Pupil Transportation, which represents 6.34 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities. Operation and Maintenance of Plant, which represents 6.26 percent of the total, represents costs associated with the operating and maintaining the District's facilities.

As noted previously, the net position for the governmental activities increased \$711,704 or 14.37 percent. This is a change from last year when net position increased \$284,776 or 6.10 percent. Total receipts decreased \$3,199,857 or 13.55 percent from last year and disbursements decreased \$3,629,271 or 15.49 percent over last year.

The District had an increase in program receipts of \$49,623 and a decrease in general receipts of \$3,249,480. The increase in program receipts is due to an increase in charges for services and sales in fiscal year 2018. The decrease in general receipts is primarily due to bonds issued and lease purchase agreement proceeds received during fiscal year 2017.

The total disbursements for governmental activities decreased \$3,629,271 primarily as the result of bonds issued and capital outlay in fiscal year 2017.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 80.90 percent of total receipts.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 29.81 percent and intergovernmental receipts made up 59.87 percent of the total receipts for the governmental activities in fiscal year 2018.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2018, the District received \$9,704,683 through the State's foundation program, which represents 47.54 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 57.36 percent of governmental program disbursements. Support services disbursements make up 32.85 percent of governmental disbursements. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2018 and comparisons to fiscal year 2017. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

Table 3

Net Cost of Governmental Activities

	<u>Governmental Activities</u>			
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
<i>Program Disbursements:</i>				
Instruction	\$11,356,218	\$8,515,597	\$10,805,877	\$8,201,467
Support Services	6,504,203	6,385,137	6,734,218	6,468,498
Operation of Non-Instructional Services	721,226	133,971	653,221	76,909
Extracurricular Activities	435,342	338,921	410,786	263,488
Capital Outlay	34,985	34,985	1,680,478	1,680,478
Principal Retirement	570,000	570,000	460,000	460,000
Interest and Fiscal Charges	175,783	175,783	170,860	170,860
Payment to Refunding Bond Escrow Agent	0	0	2,465,438	2,465,438
Issuance Costs	<u>0</u>	<u>0</u>	<u>46,150</u>	<u>46,150</u>
Total Disbursements	<u>\$19,797,757</u>	<u>\$16,154,394</u>	<u>\$23,427,028</u>	<u>\$19,833,288</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$25,180,406 and total disbursements and other financing uses of \$24,434,638.

Total governmental funds fund balance increased by \$745,768. The increase in fund balance for the year was most significant in the General Fund, where an increase of \$582,938 occurred as a result of receipts exceeding disbursements for fiscal year 2018. The fund balance in the Classroom Facilities Maintenance Fund increased \$128,664 due to receipts exceeding disbursements for fiscal year 2018. The Bond Retirement Fund receipts and transfers in exceeded the disbursements which resulted in the increase of \$19,891. The fund balance in School Wide Building Program Fund decreased \$28,998 due to disbursements exceeding transfers in.

The District should remain stable in fiscal years 2019 through 2020. However, projections beyond fiscal year 2020 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

During the course of fiscal year 2018, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$17,584,576 representing a \$795,346 change from the original budget estimates of \$16,789,230. For the General Fund, the final budget basis disbursements were \$13,405,311 representing a \$55,346 change from the original budget estimates of \$13,349,965.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Debt Administration

At June 30, 2018 the District had \$4,860,000 in general obligation debt outstanding with \$595,000 due within one year. Table 4 summarizes bonds, notes and lease purchase agreement outstanding for fiscal year 2018 compared to fiscal year 2017.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	<u>Governmental Activities</u>	
	2018	2017
General Obligation Bonds	\$405,000	\$790,000
2017 Refunding Bonds	2,385,000	2,415,000
Energy Conservation Notes	645,000	725,000
Lease Purchase Agreement	1,425,000	1,500,000
Total	\$4,860,000	\$5,430,000

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the District has remained financially stable over the past few years despite relatively little increases to operating revenues. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students. Although the District has continued to keep spending in line with revenues, this must continue if the District hopes to remain on firm financial footing. Since November 2016, the District has had four new operational levies fail. As a result, the Board approved approximately \$600,000 in budget reductions for fiscal year 2018 and another approximate \$350,000 for fiscal year 2019. The administration and Board will need to use the five-year forecast as a planning tool to avoid continued deficit spending and plan accordingly if the levy continues to fail.

State Budget:

Externally, the District is largely dependent on State and Federal funding sources (nearly 57 percent of the District's operating funds come from State foundation payments). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years with some slight decline. The District has not had an increase in State funding and has been on the "guarantee" since 2009.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

Local Valuations:

New residential real estate growth is expected to slow slightly as compared to prior years. However, the District did undergo a reappraisal in 2014 for Athens County, which added approximately 10% to residential values for 2015. Residential values increased another 6.3% as a result of the 2017 triennial update. Valuation growth drives local tax collection growth.

Staffing & Negotiated Increases:

The Board has a contract with the certified staff covering the period from September 1, 2016 to August 31, 2019. The contract specifies a 4% increase for Fiscal Year 2017, 3.5% for Fiscal Year 2018, and 3% for Fiscal Year 2019. The certificated staff increased their share of health insurance premiums. The Board ratified a contract with the classified staff covering the period from July 1, 2016 to June 30, 2019. The classified contract specifies a 2% increase for each year. The Board extended the same increase to the other non-certificated employees of the District for fiscal year 2017 and 2018.

Health Insurance:

Currently, all employers are faced with the challenge of sky-rocketing health insurance increases. Over the past few years, the District's increases in health insurance costs have averaged about 5.2%. There are a number of possible approaches to mitigate the large increases anticipated. A couple of these would include: reducing benefit levels, increasing co-pay and deductible, or do nothing and absorb the increases in health insurance but consider reductions to projected base salary increases (for example, instead of a base salary increase of 3%, consider a lesser increase in lieu of maintaining current health insurance provisions). In fiscal year 2010, OAPSE accepted a new health insurance plan with an increase in co-pays. The ALEA accepted the same change to their plan in fiscal year 2012.

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 received. If you have any questions about this report or need additional information contact Aaron Schirm, Treasurer of the Alexander Local School District, 6091 Ayers Road, Albany, Ohio 45710.

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ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2018

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,663,945</u>
<i>Total Assets</i>	<u><u>\$5,663,945</u></u>
<u>Net Position:</u>	
<i>Restricted for:</i>	
Capital Projects	\$82,411
Debt Service	842,217
Other Purposes	1,169,577
Unrestricted	<u>3,569,740</u>
<i>Total Net Position</i>	<u><u>\$5,663,945</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2018

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$7,416,342	\$1,542,117	\$866,206	(\$5,008,019)
Special	2,187,211	0	432,298	(1,754,913)
Vocational	170,163	0	0	(170,163)
Student Intervention Services	45,000	0	0	(45,000)
Other	1,537,502	0	0	(1,537,502)
<i>Support Services:</i>				
Pupils	1,427,459	705	19,377	(1,407,377)
Instructional Staff	344,551	0	7,475	(337,076)
Board of Education	163,292	0	0	(163,292)
Administration	1,276,899	0	46,048	(1,230,851)
Fiscal	503,545	0	0	(503,545)
Operation and Maintenance of Plant	1,239,862	0	0	(1,239,862)
Pupil Transportation	1,256,278	0	41,861	(1,214,417)
Central	292,317	0	3,600	(288,717)
<i>Operation of Non-Instructional Services:</i>				
Food Service	719,953	218,395	368,860	(132,698)
Other	1,273	0	0	(1,273)
Extracurricular Activities	435,342	88,578	7,843	(338,921)
Capital Outlay	34,985	0	0	(34,985)
<i>Debt Service:</i>				
Principal Retirement	570,000	0	0	(570,000)
Interest and Fiscal Charges	175,783	0	0	(175,783)
Total Governmental Activities	\$19,797,757	\$1,849,795	\$1,793,568	(16,154,394)
 <u>General Receipts:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				5,517,217
Debt Service				482,433
Capital Outlay				85,464
Grants and Entitlements not Restricted to Specific Programs				10,429,203
Investment Earnings				62,165
Proceeds from the Sale of Capital Assets				5,100
Miscellaneous				189,494
Total General Receipts				16,771,076
Change in Net Position Before Extraordinary Item				616,682
<u>Extraordinary Item:</u>				
Insurance Recoveries				95,022
Change in Net Position				711,704
<i>Net Position at Beginning of Year</i>				4,952,241
<i>Net Position at End of Year</i>				\$5,663,945

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,551,980	\$1,155,128	\$0	\$842,217	\$93,356	\$5,642,681
Interfund Receivable	375,522	0	0	0	0	375,522
<i>Total Assets</i>	<u>\$3,927,502</u>	<u>\$1,155,128</u>	<u>\$0</u>	<u>\$842,217</u>	<u>\$93,356</u>	<u>\$6,018,203</u>
<u>Liabilities:</u>						
Interfund Payable	\$0	\$0	\$375,522	\$0	\$0	\$375,522
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>375,522</u>	<u>0</u>	<u>0</u>	<u>375,522</u>
<u>Fund Balances:</u>						
Nonspendable	2,834	0	0	0	0	2,834
Restricted	0	1,155,128	0	842,217	119,048	2,116,393
Assigned	320,253	0	0	0	0	320,253
Unassigned	3,604,415	0	(375,522)	0	(25,692)	3,203,201
<i>Total Fund Balances</i>	<u>3,927,502</u>	<u>1,155,128</u>	<u>(375,522)</u>	<u>842,217</u>	<u>93,356</u>	<u>5,642,681</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,927,502</u>	<u>\$1,155,128</u>	<u>\$0</u>	<u>\$842,217</u>	<u>\$93,356</u>	<u>\$6,018,203</u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2018*

Total Governmental Fund Cash Balances \$5,642,681

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

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

21,264

Net Cash Position of Governmental Activities

\$5,663,945

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2018

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$5,517,217	\$85,464	\$0	\$482,433	\$0	\$6,085,114
Intergovernmental	10,325,599	49,244	0	54,360	1,762,598	12,191,801
Interest	62,165	0	0	0	0	62,165
Tuition and Fees	1,514,767	0	0	0	0	1,514,767
Rent	27,350	0	0	0	0	27,350
Extracurricular Activities	705	0	0	0	88,578	89,283
Charges for Services	19,377	0	0	0	218,395	237,772
Gifts and Donations	3,750	0	0	0	7,843	11,593
Miscellaneous	178,902	0	0	0	10,592	189,494
Total Receipts	17,649,832	134,708	0	536,793	2,088,006	20,409,339
<u>Disbursements:</u>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	3,947,403	0	3,093,793	0	341,082	7,382,278
Special	1,192,062	0	758,147	0	237,002	2,187,211
Vocational	170,163	0	0	0	0	170,163
Student Intervention Services	45,000	0	0	0	0	45,000
Other	1,537,502	0	0	0	0	1,537,502
<i>Support Services:</i>						
Pupils	1,159,778	0	263,511	0	4,170	1,427,459
Instructional Staff	335,026	0	0	0	9,525	344,551
Board of Education	163,292	0	0	0	0	163,292
Administration	895,822	375	337,329	2,398	40,975	1,276,899
Fiscal	490,815	1,869	0	10,861	0	503,545
Operation and Maintenance of Plant	1,236,062	3,800	0	0	0	1,239,862
Pupil Transportation	1,221,722	0	0	0	34,556	1,256,278
Central	288,717	0	0	0	3,600	292,317
Operation of Non-Instructional Services	1,273	0	0	0	719,953	721,226
Extracurricular Activities	302,772	0	0	0	132,570	435,342
Capital Outlay	11,500	0	0	0	23,485	34,985
<i>Debt Service:</i>						
Principal Retirement	75,000	0	0	495,000	0	570,000
Interest and Fiscal Charges	59,977	0	0	115,806	0	175,783
Total Disbursements	13,133,886	6,044	4,452,780	624,065	1,546,918	19,763,693
Excess of Receipts Over (Under) Disbursements	4,515,946	128,664	(4,452,780)	(87,272)	541,088	645,646
<u>Other Financing Sources (Uses):</u>						
Insurance Recoveries	95,022	0	0	0	0	95,022
Proceeds from the Sale of Capital Assets	5,100	0	0	0	0	5,100
Transfers In	0	0	4,423,782	107,163	140,000	4,670,945
Transfers Out	(4,033,130)	0	0	0	(637,815)	(4,670,945)
Total Other Financing Sources (Uses)	(3,933,008)	0	4,423,782	107,163	(497,815)	100,122
Net Change in Fund Balances	582,938	128,664	(28,998)	19,891	43,273	745,768
Fund Balances at Beginning of Year	3,344,564	1,026,464	(346,524)	822,326	50,083	4,896,913
Fund Balances at End of Year	\$3,927,502	\$1,155,128	(\$375,522)	\$842,217	\$93,356	\$5,642,681

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Cash Balances - Total Governmental Funds \$745,768

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(34,064)

Change in Net Cash Position of Governmental Activities

\$711,704

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$4,979,267	\$5,517,241	\$5,517,217	(\$24)
Intergovernmental	10,241,225	10,316,477	10,325,599	9,122
Interest	51,752	60,752	62,165	1,413
Tuition and Fees	1,349,233	1,495,321	1,494,255	(1,066)
Rent	51,505	27,350	27,350	0
Gifts and Donations	1,000	1,000	3,750	2,750
Miscellaneous	115,248	166,435	168,435	2,000
<i>Total Receipts</i>	16,789,230	17,584,576	17,598,771	14,195
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,868,187	3,918,187	3,936,789	(18,602)
Special	1,155,238	1,155,238	1,192,062	(36,824)
Vocational	161,986	166,986	170,163	(3,177)
Student Intervention Services	0	0	45,000	(45,000)
Other	1,551,725	1,551,725	1,537,502	14,223
<i>Support Services:</i>				
Pupils	1,025,604	1,125,604	1,133,821	(8,217)
Instructional Staff	335,107	335,107	336,613	(1,506)
Board of Education	251,844	219,844	163,292	56,552
Administration	845,498	890,498	895,822	(5,324)
Fiscal	514,135	514,135	491,145	22,990
Operation and Maintenance of Plant	1,375,429	1,375,429	1,243,887	131,542
Pupil Transportation	1,443,998	1,443,998	1,312,722	131,276
Central	267,380	267,380	288,717	(21,337)
Operation of Non-Instructional Services	3,230	3,230	1,273	1,957
Extracurricular Activities	291,372	291,372	302,772	(11,400)
Principal Retirement	0	0	75,000	(75,000)
Interest and Fiscal Charges	77,302	134,977	59,977	75,000
Capital Outlay	181,930	11,601	37,000	(25,399)
<i>Total Disbursements</i>	13,349,965	13,405,311	13,223,557	181,754
<i>Excess of Receipts Over (Under) Disbursements</i>	3,439,265	4,179,265	4,375,214	195,949
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	6,587	5,100	5,100	0
Insurance Recoveries	97,508	97,508	95,022	(2,486)
Transfers Out	(3,933,502)	(3,933,502)	(4,033,130)	(99,628)
<i>Total Other Financing Sources (Uses)</i>	(3,829,407)	(3,830,894)	(3,933,008)	(102,114)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(390,142)	348,371	442,206	93,835
Fund Balance at Beginning of Year	3,284,330	3,284,330	3,284,330	0
Prior Year Encumbrances Appropriated	26,735	26,735	26,735	0
Fund Balance at End of Year	\$2,920,923	\$3,659,436	\$3,753,271	\$93,835

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property Taxes	\$78,703	\$85,505	\$85,464	(\$41)
Intergovernmental	49,289	49,289	49,244	(45)
<i>Total Receipts</i>	<u>127,992</u>	<u>134,794</u>	<u>134,708</u>	<u>(86)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Support Services:</i>				
Administration	247	247	375	(128)
Fiscal	2,004	2,004	1,869	135
Operation and Maintenance of Plant	154,089	11,089	3,800	7,289
<i>Total Disbursements</i>	<u>156,340</u>	<u>13,340</u>	<u>6,044</u>	<u>7,296</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,348)	121,454	128,664	7,210
<u>Other Financing Uses:</u>				
Refund of Prior Year Receipts	(3,351)	(3,351)	0	3,351
<i>Total Other Financing Uses</i>	<u>(3,351)</u>	<u>(3,351)</u>	<u>0</u>	<u>3,351</u>
<i>Excess of Receipts Over (Under) Disbursements and Other Financing Uses</i>	(31,699)	118,103	128,664	10,561
Fund Balance at Beginning of Year	<u>1,026,464</u>	<u>1,026,464</u>	<u>1,026,464</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$994,765</u></u>	<u><u>\$1,144,567</u></u>	<u><u>\$1,155,128</u></u>	<u><u>\$10,561</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
School Wide Building Program Fund
For the Fiscal Year Ended June 30, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>	\$0	\$0	\$0	\$0
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,139,355	3,795,639	3,094,591	701,048
Special	792,271	792,271	758,147	34,124
<i>Support Services:</i>				
Pupils	286,007	265,139	263,511	1,628
Administration	335,747	323,746	337,329	(13,583)
<i>Total Disbursements</i>	<u>4,553,380</u>	<u>5,176,795</u>	<u>4,453,578</u>	<u>723,217</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,553,380)</u>	<u>(5,176,795)</u>	<u>(4,453,578)</u>	<u>723,217</u>
<u>Other Financing Sources:</u>				
Transfers In	4,902,510	5,523,323	4,423,782	(1,099,541)
<i>Total Other Financing Sources</i>	<u>4,902,510</u>	<u>5,523,323</u>	<u>4,423,782</u>	<u>(1,099,541)</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements</i>	349,130	346,528	(29,796)	(376,324)
<i>Fund Balance at Beginning of Year</i>	(347,366)	(347,366)	(347,366)	0
<i>Prior Year Encumbrances Appropriated</i>	842	842	842	0
<i>Fund Balance at End of Year</i>	<u>\$2,606</u>	<u>\$4</u>	<u>(\$376,320)</u>	<u>(\$376,324)</u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

Proprietary Fund

June 30, 2018

	<u>Governmental Activities</u> <u>Internal Service</u>
<u>Cash Assets:</u>	
<i>Current Cash Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$21,264</u>
<i>Total Cash Assets</i>	<u><u>\$21,264</u></u>
<u>Net Cash Position:</u>	
Unrestricted	<u>\$21,264</u>
<i>Total Net Cash Position</i>	<u><u>\$21,264</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash
Disbursements and Changes in Net Cash Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018*

	Governmental Activities
	Internal Service
<u>Operating Cash Receipts</u>	\$0
<u>Operating Cash Disbursements:</u>	
Other	34,064
<i>Total Operating Cash Disbursements</i>	34,064
<i>Operating Loss</i>	(34,064)
<i>Net Cash Position at Beginning of Year</i>	55,328
<i>Net Cash Position at End of Year</i>	\$21,264

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$64,615</u>
<i>Total Assets</i>	<u>64,615</u>
<u>Liabilities:</u>	
Due to Students	<u>64,615</u>
<i>Total Liabilities</i>	<u><u>\$64,615</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Alexander Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 77 classified and 108 teaching personnel and 7 administrative employees providing education to approximately 1,574 students.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. 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.

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

The parent teacher organizations and booster clubs perform activities within the District's boundaries for the benefit of its residents, but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Southeastern Ohio Special Education Regional Resource Center, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administration Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and 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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

Classroom Facilities Maintenance Fund - This fund is used to account for the proceeds of a property tax levy for the maintenance of facilities.

School Wide Building Program Fund - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

Bond Retirement Fund - This fund is used for the retirement of bonds and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

The other governmental funds of the District accounts for grants and other resources of the District 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 a private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund – This fund is used to account for the financing of goods and 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 accounts for the District's workers compensation program.

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

Fund Financial Statements

All governmental funds are accounted for using a flow of cash measurement focus. With this measurement focus, only cash is included on the balance sheet. The statement of receipts, disbursements and changes in cash basis fund balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds, proprietary fund and fiduciary funds financial statements are prepared using the cash basis of accounting.

E. Cash and Cash Equivalents

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

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2018 amounted to \$62,165, which includes \$24,739 assigned from other District funds.

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 presented on the financial statements as cash equivalents.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. The District first applies restricted assets for purposes for which both restricted and unrestricted assets are available.

G. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

H. Capital Assets

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

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

J. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net position reports \$2,094,205 of restricted net position, of which none is restricted by enabling legislation.

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

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash from one 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 to the funds that initially paid for them are not presented on the financial statements.

O. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

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

P. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2018, the District implemented GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 81, “Irrevocable Split-Interest Agreements”, GASB Statement No. 85, “Omnibus 2017”, and GASB Statement No. 86, “Certain Debt Extinguishment Issues.” The implementation of GASB Statements Nos. 75, 81, 85 and 86 had no effect on the prior period fund balances of the District.

B. Compliance

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

NOTE 4 - BUDGETARY BASIS FUND BALANCES

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budgetary basis) presented for the general fund and major special revenue funds is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the general fund on the cash basis but not on the budgetary basis.

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

	Net Change in Fund Cash Balance		
	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>School Wide Building Program</u>
Cash Basis	\$582,938	\$128,664	(\$28,998)
Encumbrances	(128,985)	0	(798)
<i>Prospective Difference:</i>			
Activity of Funds Reclassified for Reporting Purposes	<u>(11,747)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$442,206</u>	<u>\$128,664</u>	<u>(\$29,796)</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 4 - BUDGETARY BASIS FUND BALANCES- (Continued)

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. These funds are excluded from the budgetary presentation of the general fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim moneys. 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.

Public depositories must give security for all public funds on deposit. 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.

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 or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio or Ohio local governments;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

- (6) The State Treasurer's investment pool (STAROhio);
- (7) Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
- (8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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 investment may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

At June 30, 2018, the carrying amount of all District deposits was \$5,728,560. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2018, \$5,243,110 of the District's bank balance of \$5,743,110 was exposed to custodial risk as discussed above while \$500,000 was covered by Federal Deposit Insurance.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2018 the District's financial institution participated in the Ohio Pool Collateral System.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien in December 31, 2017, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Athens, Meigs and Vinton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second - Half Collections		2018 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$174,956,230	72.89%	\$161,372,690	75.13%
Public Utility Personal	65,086,420	27.11%	53,406,440	24.87%
Total Assessed Value	\$240,042,650	100.00%	\$214,779,130	100.00%
Total rate per \$1,000 of assessed valuation	\$36.45		\$36.18	

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 7 - RISK MANAGEMENT - (Continued)

Building and Contents - replacement cost (\$5,000 deductible)	\$62,715,321
Automobile Liability - Single Limit	2,000,000
Uninsured Motorists :	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Official Bonds:	
Treasurer	20,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2018, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 19). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	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.

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. Of the 14 percent employer contribution rate 0.5 percent was allocated to the Health Care Fund for fiscal year 2018.

The District’s contractually required contribution to SERS was \$401,998 for fiscal year 2018.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. Members are eligible to retire at age 60 with five year of qualifying service or at 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

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. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,002,488 for fiscal year 2018.

Net Pension Liability

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>
Proportionate Share of the Net Pension Liability:		
Current Measurement Date	0.08466360%	0.06146283%
Prior Measurement Date	<u>0.08861950%</u>	<u>0.06360988%</u>
Change in Proportionate Share	<u>-0.00395590%</u>	<u>-0.00214705%</u>
Proportion of the Net Pension Liability	\$5,058,463	\$14,600,627
Pension Expense	(\$240,554)	(\$5,711,867)

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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the 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.

The most recent experience study was completed June 30, 2015.

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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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%)
District's proportionate share of the net pension liability	\$7,019,832	\$5,058,463	\$3,415,416

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses
Cost-of-Living Adjustments (COLA)	0.00% effective July 1, 2017
Payroll Increases	3.00%

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate 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	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS – (Continued)

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	\$20,929,502	\$14,600,627	\$9,269,499

Assumption Changes Since Prior Measurement Date – The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported June 30, 2017, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS— (Continued)

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

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$46,002.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$14,889 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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 to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability Current Measurement Date	0.08582210%	0.06146283%	
Proportionate Share of the Net OPEB Liability	\$2,303,240	\$2,398,053	\$4,701,293

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$2,781,455	\$2,303,240	\$1,924,371

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$1,868,906	\$2,303,240	\$2,878,087

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 9 - POSTEMPLOYMENT BENEFITS– (Continued)

	<u>1% Decrease</u> (3.13%)	<u>Current</u> Discount Rate (4.13%)	<u>1% Increase</u> (5.13%)
District's proportionate share of the net OPEB liability	\$3,219,347	\$2,398,053	\$1,748,962

	<u>1% Decrease</u>	<u>Current</u> Trend Rate	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$1,666,064	\$2,398,053	\$3,361,435

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from 3.26% to 4.13% based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

NOTE 10 - EMPLOYEE BENEFITS

Health Care Benefits

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 17 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 11 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2018 fiscal year were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2018</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
General Obligation Bonds	2001	3.50- 5.60%	\$790,000	\$0	\$385,000	\$405,000	\$405,000
<i>Refunding Bonds:</i>							
Term Bonds	2017	2.30%	2,415,000	0	30,000	2,385,000	25,000
Energy Conservation Notes	2010	3.71- 4.18%	725,000	0	80,000	645,000	85,000
Total Governmental Activities Long-Term Obligations			<u>\$3,930,000</u>	<u>\$0</u>	<u>\$495,000</u>	<u>\$3,435,000</u>	<u>\$515,000</u>

General obligation bonds were issued in the amount of \$7,270,000 in April 2001, as a result of the District being approved for \$20,297,652 school facilities funding through the State Department of Education for the renovation of the high school building and to consolidate kindergarten through grade 12 into one building. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.06 mill levy in November 2000. Of the 5.06 mill levy, 4.56 mills is used for the retirement of the bonds that were issued and are in effect for twenty-three years. The remaining .5 mill is used for repairs and maintenance of the facility. As a part of this funding process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution. The general obligation bonds are retired through the Bond Retirement Debt Service Fund using tax revenues.

During fiscal year 2010, the District issued \$1,225,000 of energy conservation notes for facility improvements. The notes will be paid using amounts from energy savings. The notes are retired through the Bond Retirement Debt Service Fund using transfers from the General Fund.

In March, 2017, the District issued \$2,415,000 refunding bonds for the purpose of advance refunding a portion of the 2007 Refunding Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$210,187 and a reduction of \$256,337 in future debt service payments. The refunding bonds are retired through the Bond Retirement Debt Service Fund using tax revenues.

The District's voted legal debt margin was \$16,737,339 with an unvoted debt margin of \$214,779 at June 30, 2018.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the general obligation bonds, refunding bonds and energy conservation notes at June 30, 2018 are as follows:

Year Ending June 30	General Obligation Bonds		Refunding Bonds	
	Principal	Interest	Term Bonds Principal	Interest
2019	\$405,000	\$11,340	\$25,000	\$54,568
2020	0	0	455,000	49,048
2021	0	0	465,000	38,467
2022	0	0	470,000	27,715
2023	0	0	475,000	16,848
2024	0	0	495,000	5,692
Total	<u>\$405,000</u>	<u>\$11,340</u>	<u>\$2,385,000</u>	<u>\$192,338</u>

Year Ending June 30	Energy Conservation Notes		Total	
	Principal	Interest	Principal	Interest
2019	\$85,000	\$24,316	\$515,000	\$90,224
2020	85,000	21,150	540,000	70,198
2021	90,000	17,650	555,000	56,117
2022	85,000	14,150	555,000	41,865
2023	95,000	10,479	570,000	27,327
2024-2025	205,000	8,611	700,000	14,303
Total	<u>\$645,000</u>	<u>\$96,356</u>	<u>\$3,435,000</u>	<u>\$300,034</u>

NOTE 12 - OTHER LONG-TERM OBLIGATIONS

Changes in the other long-term obligations of the District during the 2018 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2017	Additions	Deductions	Principal Outstanding at June 30, 2018	Amount Due In One Year
<u>Governmental Activities:</u>							
Lease Purchase Agreement	2016	4.09%	\$1,500,000	\$0	\$75,000	\$1,425,000	\$80,000
Total Governmental Activities Other Long-Term Obligations			<u>\$1,500,000</u>	<u>\$0</u>	<u>\$75,000</u>	<u>\$1,425,000</u>	<u>\$80,000</u>

In November 2016, the District entered into a ground lease agreement with a financial institution for the construction of a Wellness Center. Simultaneously, the two parties entered into a contract to lease the property to the District, including existing and new improvements made upon the property. To facilitate the construction to the property called for within the agreement, the District received \$1,500,000 from the financial institution to provide financing for the construction of a Wellness Center. The District has the responsibility to authorize disbursements to complete the construction and upon final payment of all scheduled lease payments, ownership reverts back to the District.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 12 – OTHER LONG-TERM OBLIGATIONS - (Continued)

Principal and interest components of the schedules lease purchase agreement payments outstanding at June 30, 2018 are shown below.

Year Ending June 30	Principal	Interest	Total
2019	\$80,000	\$56,651	\$136,651
2020	80,000	53,521	133,521
2021	85,000	50,005	135,005
2022	85,000	46,528	131,528
2023	90,000	42,950	132,950
2024-2028	515,000	154,481	669,481
2029-2032	490,000	41,133	531,133
Total	<u>\$1,425,000</u>	<u>\$445,269</u>	<u>\$1,870,269</u>

NOTE 13 – FUND BALANCE

As of June 30, 2018, fund balances are composed of the following:

	General	Classroom Facilities Maintenance	School Wide Building Program	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<i>NonSpendable:</i>						
Unclaimed Monies	\$2,834	\$0	\$0	\$0	\$0	\$2,834
<i>Restricted:</i>						
<i>Special Revenues:</i>						
Facilities Maintenance	0	1,155,128	0	0	0	1,155,128
Food Services	0	0	0	0	6,162	6,162
Local Grants	0	0	0	0	14,449	14,449
Debt Service	0	0	0	842,217	0	842,217
Capital Projects	0	0	0	0	82,411	82,411
Athletics/Band	0	0	0	0	16,026	16,026
<i>Total Restricted</i>	<u>0</u>	<u>1,155,128</u>	<u>0</u>	<u>842,217</u>	<u>119,048</u>	<u>2,116,393</u>
<i>Assigned:</i>						
<i>Encumbrances for:</i>						
Regular Instruction	2,161	0	0	0	0	2,161
Pupils	582	0	0	0	0	582
Instructional Staff	1,587	0	0	0	0	1,587
Fiscal	330	0	0	0	0	330
Operation & Maint. of Plant	7,825	0	0	0	0	7,825
Pupil Transportation	91,000	0	0	0	0	91,000
Capital Outlay	25,500	0	0	0	0	25,500
Future Appropriations	148,857	0	0	0	0	148,857
Uniform School Supplies	23,741	0	0	0	0	23,741
Public School Support	18,670	0	0	0	0	18,670
<i>Total Assigned</i>	<u>320,253</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>320,253</u>
<i>Unassigned</i>	<u>3,604,415</u>	<u>0</u>	<u>(375,522)</u>	<u>0</u>	<u>(25,692)</u>	<u>3,203,201</u>
Total Fund Balances	<u>\$3,927,502</u>	<u>\$1,155,128</u>	<u>(\$375,522)</u>	<u>\$842,217</u>	<u>\$93,356</u>	<u>\$5,642,681</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2018, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$375,522	\$0
School Wide Building Program	0	375,522
Total	\$375,522	\$375,522

The balance of \$375,522 due to the General Fund from the School Wide Building Program is a result of negative cash balances. The General Fund is responsible for any deficit in these funds and interfund transactions were established to cover these expenditures. The purpose for these interfund balances is to eliminate the negative cash balances in these funds. These interfund balances are expected to be repaid during fiscal year 2018.

During fiscal year 2018, interfund transfers were as follows:

Transfers From	Transfers To			
	School Wide Building Program	Bond Retirement	Nonmajor Special Revenue	Total
General	\$3,785,967	\$107,163	\$140,000	\$4,033,130
Nonmajor Special Revenue	637,815	0	0	637,815
Total	\$4,423,782	\$107,163	\$140,000	\$4,670,945

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 15 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2018:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2017	\$0
Current Year Set-Aside Requirement	281,615
Current Year Offset	(85,464)
Qualifying Disbursements	<u>(258,484)</u>
Total	<u>(62,333)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2018	<u>\$0</u>

Excess of qualified expenditures for capital improvements do not carry forward.

NOTE 16 – ENCUMBRANCE COMMITMENTS

At June 30, 2018, the District had encumbrance commitments in the Governmental Funds as follows:

<i><u>Major Funds:</u></i>	
General	\$128,985
School Wide Building Program	798
<i><u>Nonmajor Funds:</u></i>	
Athletics and Bands	7,200
Miscellaneous State Grants	591
Miscellaneous Federal Grants	163,559
Wellness Center	<u>3,746</u>
<i>Total Nonmajor Funds</i>	<u>175,096</u>
Total Encumbrances	<u>\$304,879</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2018, the District paid META Solutions \$43,290 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Alexander Local School District's Superintendent is an alternate on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2018, the District paid \$0 to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, OH 43326.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 18 - AFFILIATED ORGANIZATION

Alexander Future Foundation

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder is elected from members of the District's Community.

NOTE 19 - GROUP PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 20 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. School Foundation

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2018 fiscal year. Adjustments to foundation funding resulting from these reviews are adjusted through subsequent foundation settlement from the State.

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ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
<u>School Employees Retirement System of Ohio</u>					
District's Proportion of the Net Pension Liability	0.0846636%	0.0886195%	0.089218%	0.088574%	0.088574%
District's Proportionate Share of the Net Pension Liability	\$5,058,463	\$6,486,130	\$5,090,883	\$4,482,680	\$5,267,212
District's Covered-Employee Payroll	\$2,977,763	\$3,120,514	\$2,761,497	\$2,925,569	\$3,302,794
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	169.87%	207.85%	184.35%	153.22%	159.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
<u>State Teachers Retirement System of Ohio</u>					
District's Proportion of the Net Pension Liability	0.06146283%	0.06360988%	0.0620956%	0.062681%	0.062681%
District's Proportionate Share of the Net Pension Liability	\$14,600,627	\$21,292,144	\$17,161,402	\$15,246,298	\$18,161,160
District's Covered-Employee Payroll	\$7,160,629	\$6,997,429	\$6,692,981	\$6,478,636	\$6,980,892
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	203.90%	304.29%	256.41%	235.33%	260.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.71%	69.30%

(1) Information prior to 2014 is not available.

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

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Pension
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>School Employees Retirement System of Ohio</u>										
Contractually Required Contributions	\$401,998	\$436,872	\$386,610	\$385,590	\$432,666	\$426,305	\$362,888	\$411,471	\$268,717	\$215,852
Contributions in Relation to the Contractually Required Contributions	<u>(401,998)</u>	<u>(436,872)</u>	<u>(386,610)</u>	<u>(385,590)</u>	<u>(432,666)</u>	<u>(426,305)</u>	<u>(362,888)</u>	<u>(411,471)</u>	<u>(268,717)</u>	<u>(215,852)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$2,977,763	\$3,120,514	\$2,761,497	\$2,925,569	\$3,302,794	\$3,254,237	\$2,857,386	\$3,484,090	\$2,102,637	\$2,193,618
Contributions as a Percentage of Covered-Employee Payroll	13.50%	14.00%	14.00%	13.18%	13.10%	13.10%	12.70%	11.81%	12.78%	9.84%
<u>State Teachers Retirement System of Ohio</u>										
Contractually Required Contributions	\$1,002,488	\$979,640	\$937,017	\$907,009	\$907,516	\$921,278	\$900,848	\$986,294	\$838,909	\$876,162
Contributions in Relation to the Contractually Required Contributions	<u>(1,002,488)</u>	<u>(979,640)</u>	<u>(937,017)</u>	<u>(907,009)</u>	<u>(907,516)</u>	<u>(921,278)</u>	<u>(900,848)</u>	<u>(986,294)</u>	<u>(838,909)</u>	<u>(876,162)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$7,160,629	\$6,997,429	\$6,692,981	\$6,478,636	\$6,980,892	\$7,086,754	\$6,929,600	\$7,586,877	\$6,453,146	\$6,739,708
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability
Last Two Fiscal Years (1)

	2018	2017
<u>School Employees Retirement System of Ohio</u>		
District's Proportion of the Other Postemployment Benefits Liability	0.08582210%	0.08582210%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$2,303,240	\$2,446,247
District's Covered-Employee Payroll	\$2,977,764	\$3,120,514
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	77.35%	78.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
<u>State Teachers Retirement System of Ohio</u>		
District's Proportion of the Other Postemployment Benefits Liability	0.06146283%	0.06146283%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$2,398,053	\$3,287,048
District's Covered-Employee Payroll	\$7,160,629	\$6,997,429
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	33.49%	46.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Other Postemployment Benefits
Last Two Fiscal Years

	<u>2018</u>	<u>2017</u>
<u>School Employees Retirement System of Ohio</u>		
Contractually Required Contributions	\$14,889	\$0
Contributions in Relation to the Contractually Required Contributions	<u>(14,889)</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$2,977,763	\$3,120,514
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.00%
<u>State Teachers Retirement System of Ohio</u>		
Contractually Required Contributions	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$7,160,629	\$6,997,429
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2018

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Other Postemployment Benefits

Assumption Changes Since the Prior Measurement Date - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Assumption Changes Since Prior Measurement Date – The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Other Postemployment Benefits

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from 3.26% to 4.13% based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

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ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2017/2018	\$0	\$28,423
Cash Assistance:				
School Breakfast Program	10.553	2017/2018	0	94,360
National School Lunch Program	10.555	2017/2018	0	268,125
Cash Assistance Subtotal			<u>0</u>	<u>362,485</u>
Total Child Nutrition Cluster			0	390,908
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2017 2018	0 0	96,484 <u>342,437</u>
Total Title I			0	438,921
Special Education Cluster				
Special Education - Grants to States	84.027	2017 2018	0 0	68,712 <u>293,742</u>
Total Special Education - Grants to States			0	362,454
Special Education - Preschool Grants	84.173	2017 2018	0 0	2,940 <u>6,078</u>
Total Special Education - Preschool Grants			0	<u>9,018</u>
Total Special Education Cluster			0	371,472
Twenty-First Century Community Learning Centers	84.287	2017 2018	120,771 239,305	141,152 <u>239,305</u>
Total Twenty-First Century Community Learning Centers			360,076	380,457
Rural Education	84.358	2017 2018	0 0	8,458 <u>22,138</u>
Total Rural Education			0	30,596
Supporting Effective Instruction State Grants	84.367	2017 2018	0 0	18,882 <u>48,923</u>
Total Supporting Effective Instruction State Grants			0	67,805
Student Support and Academic Enrichment Grants	84.424	2018	0	7,562
Total U.S. Department of Education			<u>360,076</u>	<u>1,296,813</u>
Total Expenditures of Federal Awards			<u>\$360,076</u>	<u>\$1,687,721</u>

The accompanying notes are an integral part of this Schedule.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Alexander Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 20, 2019, wherein we noted the District' used a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2018-001.

Entity's Response to Findings

The District's response to the Finding identified in our audit is described in the accompanying Schedule of Findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Alexander Local School District's, Athens County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Alexander Local School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, the Alexander Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389
www.ohioauditor.gov

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2019

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster: School Breakfast Program - CFDA #10.553 and National School Lunch Program – CFDA #10.555 • Title I Grants to Local Educational Agencies – CFDA #84.010 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2018-001

Noncompliance

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP.

ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2018
(Continued)

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

FINDING NUMBER 2018-001 (Continued)

Noncompliance – Ohio Rev. Code § 117.38 (Continued)

The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to general accepted accounting principles.

Officials' Response: The District has chosen to use the most cost-effective financial reporting system available. The compilation and filing of the OCBOA statements seems to be a Government Accounting Standards Board approved alternative to GAAP. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Alexander Local School District

Albany, Ohio 45710

740-698-8831/1-800-628-9517

District Office
6091 Ayers Road
740-698-2038 (fax)

Elementary
6105 School Rd.
740-698-2137 (fax)



Middle School
6115 School Rd.
740-698-8833 (fax)

High School
6125 School Rd.
740-698-3614 (fax)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR PART 200.511(b) JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2017-001	Noncompliance with Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – Annual Financial Report not presented in accordance with generally accepted accounting principles.	Not Corrected.	The District has chosen to use the most cost-effective financial reporting system available. The compilation and filing of the OCBOA statements seems to be a Government Accounting Standards Board approved alternative to GAAP. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

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Albany, Ohio 45710

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Not cost-effective.	N/A	Aaron Schirm, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



ALEXANDER LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 7, 2019**