BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY

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INDEPENDENT AUDITOR'S REPORT

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, Ohio 44820

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, Crawford 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, Crawford County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information 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 6, 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.

Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2019

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The management's discussion and analysis of Bucyrus City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position increased $8,074,456. Net position of governmental activities increased $8,076,092, which represents a 94.34% increase from 2017, as restated. Net position of business-type activities decreased $1,636 or 5.50% from 2017.

- General revenues accounted for $16,573,707 in revenue or 76.38% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $5,125,489 or 23.62% of total governmental activities revenues of $21,699,196.

- The School District had $13,623,104 in expenses related to governmental activities; only $5,125,489 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of $16,573,707 were used to provide for these programs.

- The School District's major governmental funds are the general fund and the bond retirement fund. The general fund had $17,989,717 in revenues and $17,160,075 in expenditures and other financing uses. The fund balance of the general fund increased $829,642 from a balance of $8,637,399 to $9,467,041.

- The bond retirement fund had $948,483 in revenues and $907,157 in expenditures. The fund balance of the bond retirement fund increased $41,326 from a balance of $790,857 to $832,183.

Using this Financial Report

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District's major governmental funds are the general fund and the bond retirement fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues* and *expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's early childhood development program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 19-26 of this report.

Proprietary Funds

There are two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for employee benefits self-insurance. The proprietary fund financial statements can be found on pages 27-29 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 30 and 31. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position for 2018 and 2017. The net position at June 30, 2017 has been restated as described in Noes 3A.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Assets						
Current assets	$ 17,759,335	$ 17,517,391	$ 28,105	$ 29,921	$ 17,787,440	$ 17,547,312
Capital assets, net	32,598,643	33,385,632	-	-	32,598,643	33,385,632
Total assets	50,357,978	50,903,023	28,105	29,921	50,386,083	50,932,944
Deferred outflows of resources						
Pension	5,120,624	4,486,270	-	-	5,120,624	4,486,270
OPEB	172,536	36,088	-	-	172,536	36,088
Unamortized deferred charges on debt refunding	1,410,755	1,465,966	-	-	1,410,755	1,465,966
Total deferred outflows of resources	6,703,915	5,988,324	-	-	6,703,915	5,988,324
Liabilities						
Current liabilities	1,745,790	1,567,952	-	180	1,745,790	1,568,132
Long-term liabilities:						
Due within one year	797,903	702,034	-	-	797,903	702,034
Due in more than one year:						
Net pension liability	17,259,477	24,181,697	-	-	17,259,477	24,181,697
Net OPEB liability	3,971,810	5,008,106	-	-	3,971,810	5,008,106
Other amounts	11,607,032	12,225,311	-	-	11,607,032	12,225,311
Total liabilities	35,382,012	43,685,100	-	180	35,382,012	43,685,280
Deferred inflows of resources						
Property taxes levied for the next fiscal year	2,746,940	3,620,347	-	-	2,746,940	3,620,347
PILOTS levied for the next fiscal year	36,555	36,555	-	-	36,555	36,555
Pensions	1,718,789	988,744	-	-	1,718,789	988,744
OPEB	540,904	-	-	-	540,904	-
Total deferred inflows of resources	5,043,188	4,645,646	-	-	5,043,188	4,645,646
Net Position						
Net investment in capital assets	23,185,894	23,596,868	-	-	23,185,894	23,596,868
Restricted	669,471	714,861	-	-	669,471	714,861
Unrestricted (deficit)	(7,218,672)	(15,751,128)	28,105	29,741	(7,190,567)	(15,721,387)
Total net position	$ 16,636,693	$ 8,560,601	$ 28,105	$ 29,741	$ 16,664,798	$ 8,590,342

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

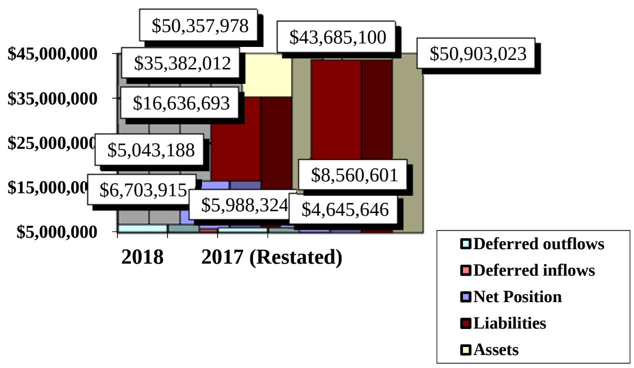
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes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

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

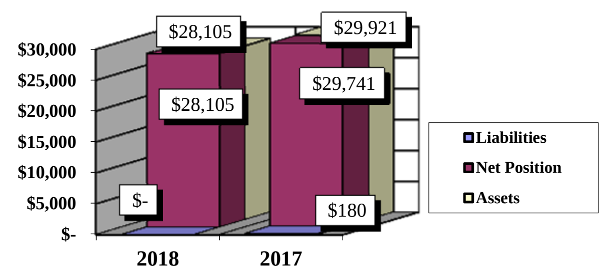
As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $13,532,619 to $8,560,601.

The graph below shows the School District's assets, liabilities and net position at June 30, 2018 and 2017. The amounts at June 30, 2017 have been restated as described in Note 3A.

Governmental - Net Position



Business-Type - Net Position



The table below shows the changes in net position for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3A.

Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Revenues						
Program revenues:						
Charges for services and sales	$ 1,211,759	$ 1,181,154	$ 18,326	$ 23,573	$ 1,230,085	$ 1,204,727
Operating grants and contributions	3,913,730	3,694,214	-	-	3,913,730	3,694,214
General revenues:						
Property taxes	4,446,113	5,019,783	-	-	4,446,113	5,019,783
Payments in lieu of taxes	53,335	36,555	-	-	53,335	36,555
Grants and entitlements not restricted	11,800,990	11,720,483	-	-	11,800,990	11,720,483
Investment earnings	121,033	73,505	-	-	121,033	73,505
Miscellaneous	152,236	109,674	-	-	152,236	109,674
Total revenues	21,699,196	21,835,368	18,326	23,573	21,717,522	21,858,941

	Governmental Activities		Business-Type Activities		Totals	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Expenses						
Program expenses:						
Instruction:						
Regular	$ 2,792,773	$ 6,235,457		$ -	$ 2,792,773	$ 6,235,457
Special	1,643,234	2,794,513	-	-	1,643,234	2,794,513
Vocational	25,147	28,658	-	-	25,147	28,658
Other	3,145,266	3,046,292	-	-	3,145,266	3,046,292
Support services:						
Pupil	421,140	551,083	-	-	421,140	551,083
Instructional staff	121,875	219,180	-	-	121,875	219,180
Board of education	85,135	96,061	-	-	85,135	96,061
Administration	685,879	1,615,320	-	-	685,879	1,615,320
Fiscal	346,264	618,172	-	-	346,264	618,172
Business	660,593	742,888	-	-	660,593	742,888
Operations and maintenance	1,185,252	1,271,877	-	-	1,185,252	1,271,877
Pupil transportation	198,910	427,255	-	-	198,910	427,255
Central	455,869	362,539	-	-	455,869	362,539
Operation of non-instructional services:						
Food service operations	1,096,487	1,198,085	-	-	1,096,487	1,198,085
Other non-instructional services	20,251	57,977	-	-	20,251	57,977
Extracurricular activities	260,977	540,191	-	-	260,977	540,191
Interest and fiscal charges	478,052	455,199	-	-	478,052	455,199
Early childhood development	-	-	19,962	16,521	19,962	16,521
Total expenses	13,623,104	20,260,747	19,962	16,521	13,643,066	20,277,268
Changes in net position	8,076,092	1,574,621	(1,636)	7,052	8,074,456	1,581,673
Net position at beginning of year (restated)	8,560,601	N/A	29,741	22,689	8,590,342	22,689
Net position at end of year	$ 16,636,693	$ 8,560,601	$ 28,105	$ 29,741	$ 16,664,798	$ 1,604,362

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $36,088 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $585,967. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$ 13,623,104
Negative OPEB expense under GASB 75	585,967
2018 contractually required contributions	45,873
Adjusted 2018 program expenses	14,254,944
Total 2017 program expenses under GASB 45	20,260,747
Decrease in program expenses not related to OPEB	$ (6,005,803)

Governmental Activities

Net position of the School District's governmental activities increased $8,076,092. Total governmental expenses of $13,623,104 were offset by program revenues of $5,125,489, and general revenues of $16,573,707. Program revenues supported 37.62% of the total governmental expenses.

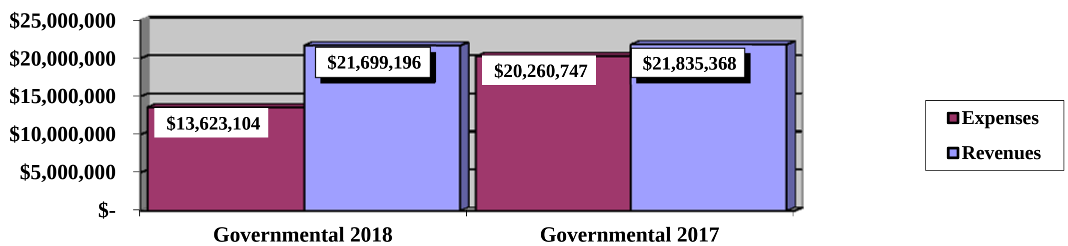
Expenses of the governmental activities decreased $6,637,643 or 32.76%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported ($5,599,238) in pension expense and ($585,967) in OPEB expense mainly due to these benefit changes.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 74.87% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled $7,606,420 or 55.83% of total governmental expenses for fiscal year 2018.

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2018 and 2017.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

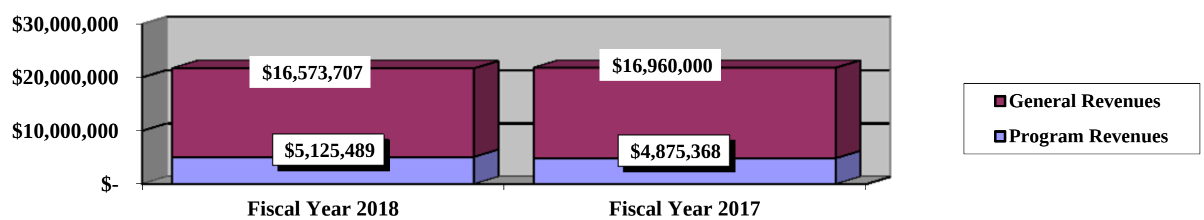
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
Instruction:				
Regular	$ 2,792,773	$ 1,507,019	$ 6,235,457	$ 5,005,323
Special	1,643,234	(852,838)	2,794,513	487,766
Vocational	25,147	13,489	28,658	25,636
Other	3,145,266	3,145,266	3,046,292	3,046,292
Support services:				
Pupil	421,140	357,966	551,083	521,547
Instructional staff	121,875	74,444	219,180	184,220
Board of education	85,135	85,135	96,061	96,061
Administration	685,879	677,487	1,615,320	1,611,214
Fiscal	346,264	346,264	618,172	618,172
Business	660,593	660,593	742,888	742,888
Operations and maintenance	1,185,252	1,180,604	1,271,877	1,267,364
Pupil transportation	198,910	161,032	427,255	386,373
Central	455,869	452,269	362,539	356,335
Operation of non-instructional services:				
Food service operations	1,096,487	61,499	1,198,085	146,469
Other non-instructional services	20,251	(2,789)	57,977	10,434
Extracurricular activities	260,977	152,123	540,191	424,086
Interest and fiscal charges	478,052	478,052	455,199	455,199
Total expenses	$ 13,623,104	$ 8,497,615	$ 20,260,747	$ 15,385,379

The dependence upon tax revenues during fiscal year 2018 for governmental activities is apparent, as 50.13% of 2018 instruction activities are supported through taxes and other general revenues. The School District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include early childhood development operations. These programs had revenues of $18,326 and expenses of $19,962 for fiscal year 2018. The School District's business-type activities do not receive support from tax revenues.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of $10,325,271 which is $761,912 greater than last year's total of $9,563,359. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Change
General	$ 9,467,041	$ 8,637,399	$ 829,642
Bond retirement	832,183	790,857	41,326
Other governmental	26,047	135,103	(109,056)
Total	$ 10,325,271	$ 9,563,359	$ 761,912

General Fund

The School District's general fund balance increased $829,642 during fiscal year 2018. The table that follows assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	$ 3,813,854	$ 3,815,661	(0.05) %
Intergovernmental	13,043,260	13,057,810	(0.11) %
Other revenues	1,132,603	1,002,205	13.01 %
Total	$ 17,989,717	$ 17,875,676	0.64 %

During fiscal year 2018 the general fund's revenues increased $114,041 or 0.64%. This increase can be partially attributed to the School District receiving an increase in other local revenues during the 2018 fiscal year. The biggest increase in other revenue was a result of an increase in tuition revenue from open enrollment.

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

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
Instruction	$ 10,739,979	$ 10,002,490	7.37 %
Support services	5,950,843	5,291,381	12.46 %
Extracurricular activities	385,800	360,093	7.14 %
Facilities acquisition and construction	8,453	83,873	(89.92) %
Total	$ 17,085,075	$ 15,737,837	8.56 %

During fiscal year 2018 the general fund's expenditures remained relatively stable with a slight increase of 8.56% from fiscal year 2017. In 2017, the School District made repairs to Bucyrus Elementary including a roofing project, which resulted in a decrease in facilities acquisition and construction costs. The increase in instruction and support services expenditures was the result of increases in salary and benefit expenditures.

Bond Retirement Fund

The bond retirement fund had $948,483 in revenues and $907,157 in expenditures. The fund balance of the bond retirement fund increased $41,326 from a balance of $790,857 to $832,183. The bond retirement fund receives property taxes and homestead and rollback revenue. The expenses are fees to the County auditor and principal and interest expenses on the School District's outstanding debt.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District amended its general fund budget. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were $739,270 below actual revenues and other financing sources of $18,569,297. The original budgeted revenues and other financing sources were $83,628 higher than final budgeted revenues and other financing sources.

General fund final appropriations and other financing uses were $18,674,973. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled $18,547,048, which was $127,925 less than the final budget appropriations. The final appropriations were $2,048,826 greater than the original appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $32,598,643 invested in land, land/improvements, buildings/improvements, furniture/equipment, and vehicles. The following table shows fiscal year 2018 balances compared to 2017:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities 2018	Governmental Activities 2017
Land	$ 706,175	$ 706,175
Land/improvements	402,281	429,149
Building/improvements	30,619,001	31,377,409
Furniture/equipment	424,375	505,225
Vehicles	446,811	367,674
Total	$ 32,598,643	$ 33,385,632

See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt Administration

At June 30, 2018 the School District had $9,775,537 in general obligation bonds outstanding. The general obligation bonds are comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, $645,000 is due within one year and $9,130,537 is due in more than one year. The table on the following page summarizes the bonds outstanding:

Outstanding Debt, at June 30

	Governmental Activities 2018	Governmental Activities 2017
Current interest bonds	$ 8,995,000	$ 9,330,000
Capital appreciation bonds	240,000	259,999
Capital appreciation bonds - accreted interest	540,537	567,911
Total	$ 9,775,537	$ 10,157,910

See Note 10 to the basic financial statements for detail on the School District's debt administration.

Current Financial Related Activities

The Bucyrus City Schools Board of Education governs our School District finances. Each October and May, the School District prepares a five-year forecast. This year our forecast is laden with risks and uncertainty due to the economic climate and volatility of the legislative changes that are happening very fast and with little time to plan. We are simply responding to the cause-and-effect of the economic changes with promptness. The items on the following page give a short description of the current issues and how they may affect our forecast long term:

1) Crawford County experienced a reappraisal update in the 2015 tax year which was collected in FY16. In 2016 our district values fell by just less than 1% at .84%. This was not the small increase we anticipated but the decline was very small and shows values have leveled out and should continue at their current levels or increase slightly over time. Declines in value pose only an inside millage risk to lower income as our emergency levy establishes a floor which we can not collect below and our other outside millages have room to roll up in response to value decreases.

2) The State Budget represents 72% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if future state budgets reduce funding to our District. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY22.

3) HB 49 has continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting as its reimbursement will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

4) There are many provisions in the current state budget bill HB49 that will continue to draw funds from our District through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in FY16 from $20,000 each to $27,000, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid revenue or that could increase costs.

5) Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provision of this federal statute were implemented January 1, 2015. Implementation of these provisions has increased costs by as much as 2%. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware of. Longer-term, a significant concern is the 40% "Cadillac Tax" but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans in 2018 whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

6) Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces

The Board of Education continues to examine the School District finances diligently to preserve financial resources, while at the same time providing a high quality education for our students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ryan Cook, Treasurer, Bucyrus School District, 170 Plymouth Street, Bucyrus, Ohio 44820.

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BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments. .	$ 11,738,246	$ 28,105	$ 11,766,351
Receivables:			
Property taxes	5,372,372	-	5,372,372
Payment in lieu of taxes	36,555	-	36,555
Accounts.	6,234	-	6,234
Accrued interest	2,862	-	2,862
Intergovernmental	580,221	-	580,221
Prepayments	14,243	-	14,243
Inventory held for resale.	8,602	-	8,602
Capital assets:			
Nondepreciable capital assets	706,175	-	706,175
Depreciable capital assets, net.	31,892,468	-	31,892,468
Capital assets, net	32,598,643	-	32,598,643
Total assets.	50,357,978	28,105	50,386,083
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,410,755	-	1,410,755
Pension.	5,120,624	-	5,120,624
OPEB.	172,536	-	172,536
Total deferred outflows of resources	6,703,915	-	6,703,915
Liabilities:			
Accounts payable.	169,814	-	169,814
Accrued wages and benefits payable	1,174,763	-	1,174,763
Intergovernmental payable	32,359	-	32,359
Pension and postemployment benefits payable. .	204,218	-	204,218
Accrued interest payable	19,801	-	19,801
Claims payable.	144,835	-	144,835
Long-term liabilities:			
Due within one year.	797,903	-	797,903
Due in more than one year:			
Net pension liability (See Note 14)	17,259,477	-	17,259,477
Other amounts due in more than one year .	11,607,032	-	11,607,032
Net OPEB liability (See Note 15)	3,971,810	-	3,971,810
Total liabilities	35,382,012	-	35,382,012
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . . .	2,746,940	-	2,746,940
Payment in lieu of taxes levied for the next fiscal year	36,555	-	36,555
Pension.	1,718,789	-	1,718,789
OPEB.	540,904	-	540,904
Total deferred inflows of resources	5,043,188	-	5,043,188
Net position:			
Net investment in capital assets	23,185,894	-	23,185,894
Restricted for:			
Capital projects	76,698	-	76,698
Classroom facilities maintenance	61,865	-	61,865
Debt service.	359,212	-	359,212
State funded programs.	1,800	-	1,800
Federally funded programs	8,317	-	8,317
Student activities	49,556	-	49,556
Other purposes	112,023	-	112,023
Unrestricted (deficit)	(7,218,672)	28,105	(7,190,567)
Total net position.	$ 16,636,693	$ 28,105	$ 16,664,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues	
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**
Governmental activities:			
Instruction:			
Regular	$ 2,792,773	$ 801,351	$ 484,403
Special	1,643,234	-	2,496,072
Vocational	25,147	-	11,658
Other	3,145,266	-	-
Support services:			
Pupil	421,140	-	63,174
Instructional staff	121,875	-	47,431
Board of education	85,135	-	-
Administration	685,879	-	8,392
Fiscal	346,264	-	-
Business	660,593	-	-
Operations and maintenance	1,185,252	4,648	-
Pupil transportation	198,910	-	37,878
Central	455,869	-	3,600
Operation of non-instructional services:			
Other non-instructional services	20,251	-	23,040
Food service operations	1,096,487	296,906	738,082
Extracurricular activities	260,977	108,854	-
Interest and fiscal charges	478,052	-	-
Total governmental activities	13,623,104	1,211,759	3,913,730
Business-type activities:			
Early Childhood Development	19,962	18,326	-
Total business-type activities	19,962	18,326	-
Totals	$ 13,643,066	$ 1,230,085	$ 3,913,730

General revenues:
Property taxes levied for:
General purposes
Debt service
Classroom facilities maintenance
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-Type Activities**	**Total**
$ (1,507,019)	$ -	$ (1,507,019)
852,838	-	852,838
(13,489)	-	(13,489)
(3,145,266)	-	(3,145,266)
(357,966)	-	(357,966)
(74,444)	-	(74,444)
(85,135)	-	(85,135)
(677,487)	-	(677,487)
(346,264)	-	(346,264)
(660,593)	-	(660,593)
(1,180,604)	-	(1,180,604)
(161,032)	-	(161,032)
(452,269)	-	(452,269)
2,789	-	2,789
(61,499)	-	(61,499)
(152,123)	-	(152,123)
(478,052)	-	(478,052)
(8,497,615)	-	(8,497,615)
-	(1,636)	(1,636)
-	(1,636)	(1,636)
(8,497,615)	(1,636)	(8,499,251)
3,598,031	-	3,598,031
754,619	-	754,619
46,732	-	46,732
46,731	-	46,731
53,335	-	53,335
11,800,990	-	11,800,990
121,033	-	121,033
152,236	-	152,236
16,573,707	-	16,573,707
8,076,092	(1,636)	8,074,456
8,560,601	29,741	8,590,342
$ 16,636,693	$ 28,105	$ 16,664,798

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and investments.	$ 8,957,088	$ 469,882	$ 270,794	$ 9,697,764
Receivables:				
Property taxes.	4,371,924	896,447	104,001	5,372,372
Payment in lieu of taxes	36,555	-	-	36,555
Accounts	-	-	6,234	6,234
Accrued interest	2,727	-	135	2,862
Intergovernmental.	299,150	-	281,071	580,221
Prepayments.	13,971	-	272	14,243
Inventory held for resale.	-	-	8,602	8,602
Due from other funds	130,232	-	-	130,232
Total assets	$ 13,811,647	$ 1,366,329	$ 671,109	$ 15,849,085
Liabilities:				
Accounts payable	$ 164,643	$ -	$ 5,171	$ 169,814
Accrued wages and benefits payable	1,013,533	-	161,230	1,174,763
Compensated absences payable	16,838	-	-	16,838
Intergovernmental payable	30,374	-	1,985	32,359
Pension and postemployment benefits payable .	181,109	-	23,109	204,218
Due to other funds	-	-	130,232	130,232
Total liabilities.	1,406,497	-	321,727	1,728,224
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	2,251,676	446,779	48,485	2,746,940
Payment in lieu of taxes levied for the next fiscal year.	36,555	-	-	36,555
Delinquent property tax revenue not available. . .	400,221	87,367	10,786	498,374
Intergovernmental revenue not available.	249,657	-	264,064	513,721
Total deferred inflows of resources	2,938,109	534,146	323,335	3,795,590
Total liabilities and deferred inflows of resources .	4,344,606	534,146	645,062	5,523,814
Fund balances:				
Nonspendable:				
Prepaids.	13,971	-	272	14,243
Restricted:				
Debt service	-	832,183	-	832,183
Capital improvements	-	-	71,305	71,305
Classroom facilities maintenance	-	-	56,472	56,472
Food service operations	-	-	129,982	129,982
Other purposes.	-	-	1,800	1,800
Extracurricular	-	-	49,556	49,556
Assigned:				
Student instruction	399,360	-	-	399,360
Student and staff support.	537,063	-	-	537,063
Extracurricular activities	26,000	-	-	26,000
Facilities acquisition and construction	13,925	-	-	13,925
Other purposes.	11,343	-	-	11,343
Unassigned (deficit)	8,465,379	-	(283,340)	8,182,039
Total fund balances	9,467,041	832,183	26,047	10,325,271
Total liabilities, deferred inflows and fund balances .	$ 13,811,647	$ 1,366,329	$ 671,109	$ 15,849,085

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		$ 10,325,271
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,598,643
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 498,374	
Intergovernmental receivable	513,721	
Total		1,012,095
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - Pension	5,120,624	
Deferred Inflows - Pension	(1,718,789)	
Net pension liability	(17,259,477)	
Total		(13,857,642)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - OPEB	172,536	
Deferred Inflows - OPEB	(540,904)	
Net pension liability	(3,971,810)	
Total		(4,340,178)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,895,647
Unamortized premiums on bonds issued are not recognized in the funds.		(1,588,504)
Unamortized amounts on refundings are not recognized in the funds.		1,410,755
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(19,801)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(9,775,537)	
Compensated absences	(1,024,056)	
Total		(10,799,593)
Net position of governmental activities		$ 16,636,693

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 3,813,854	$ 803,175	$ 99,153	$ 4,716,182
Payment in lieu of taxes	53,335	-	-	53,335
Tuition	801,347	-	-	801,347
Earnings on investments	121,033	-	917	121,950
Charges for services	-	-	295,356	295,356
Extracurricular	-	-	87,554	87,554
Classroom materials and fees	4	-	-	4
Rental income	4,648	-	-	4,648
Contributions and donations	3,848	-	-	3,848
Other local revenues	148,388	-	22,850	171,238
Intergovernmental - state	12,914,767	145,308	246,669	13,306,744
Intergovernmental - federal	128,493	-	1,976,450	2,104,943
Total revenues	17,989,717	948,483	2,728,949	21,667,149
Expenditures:				
Current:				
Instruction:				
Regular	5,516,939	-	475,005	5,991,944
Special	2,073,892	-	902,503	2,976,395
Vocational	3,882	-	-	3,882
Other	3,145,266	-	-	3,145,266
Support services:				
Pupil	631,754	-	56,748	688,502
Instructional staff	171,733	-	42,719	214,452
Board of education	97,923	-	-	97,923
Administration	1,536,689	-	7,538	1,544,227
Fiscal	661,799	25,232	3,090	690,121
Business	636,466	-	1,000	637,466
Operations and maintenance	1,326,076	-	154,610	1,480,686
Pupil transportation	433,677	-	-	433,677
Central	454,726	-	3,600	458,326
Operation of non-instructional services:				
Other operation of non-instructional	-	-	20,799	20,799
Food service operations	-	-	1,139,980	1,139,980
Extracurricular activities	385,800	-	105,413	491,213
Facilities acquisition and construction	8,453	-	-	8,453
Debt service:				
Principal retirement	-	354,999	-	354,999
Interest and fiscal charges	-	241,925	-	241,925
Accreted interest on capital appreciation bonds	-	285,001	-	285,001
Total expenditures	17,085,075	907,157	2,913,005	20,905,237
Excess (deficiency) of revenues over (under) expenditures	904,642	41,326	(184,056)	761,912
Other financing sources (uses):				
Transfers in	-	-	75,000	75,000
Transfers (out)	(75,000)	-	-	(75,000)
Total other financing sources (uses)	(75,000)	-	75,000	-
Net change in fund balances	829,642	41,326	(109,056)	761,912
Fund balances at beginning of year	8,637,399	790,857	135,103	9,563,359
Fund balances at end of year	$ 9,467,041	$ 832,183	$ 26,047	$ 10,325,271

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds		$ 761,912
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 120,521	
Current year depreciation	(907,510)	
Total		(786,989)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(270,069)	
Intergovernmental	305,807	
Total		35,738
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	335,000	
Capital appreciation bonds	19,999	
Accreted interest on capital appreciation bonds	285,001	
Total		640,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	484	
Accreted interest on capital appreciation bonds	(257,627)	
Amortization of bond premiums	76,227	
Amortization of deferred charges	(55,211)	
Total		(236,127)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		65,101
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,227,291
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		5,599,238
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		45,873
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as pension expense in the statement of activities.		585,967
An 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 expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		138,088
Change in net position of governmental activities		$ 8,076,092

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 3,856,932	$ 3,788,845	$ 3,788,845	$ -
Payment in lieu of taxes	36,586	40,555	53,335	12,780
Tuition	778,540	801,347	801,347	-
Earnings on investments	65,924	114,459	126,110	11,651
Classroom materials and fees	0	4	4	-
Rental income	3,466	3,898	3,898	-
Other local revenues	53,163	92,965	94,478	1,513
Intergovernmental - state	12,811,503	12,245,444	12,935,057	689,613
Intergovernmental - federal	254,196	94,125	116,966	22,841
Total revenues	17,870,079	17,185,490	17,923,888	738,398
Expenditures:				
Current:				
Instruction:				
Regular	5,257,349	6,464,774	5,479,595	985,179
Special	1,923,638	2,100,506	2,292,359	(191,853)
Vocational	4,116	4,073	3,874	199
Other	3,162,634	3,129,749	3,158,158	(28,409)
Support services:				
Pupil	496,505	503,342	660,045	(156,703)
Instructional staff	173,216	171,415	171,619	(204)
Board of education	115,904	114,699	120,291	(5,592)
Administration	1,522,461	1,515,531	1,525,444	(9,913)
Fiscal	595,876	614,466	662,111	(47,645)
Business	750,923	804,560	710,876	93,684
Operations and maintenance	1,107,470	1,572,172	1,655,901	(83,729)
Pupil transportation	430,004	529,294	490,437	38,857
Central	498,393	541,427	493,212	48,215
Extracurricular activities	331,167	365,224	367,228	(2,004)
Facilities acquisition and construction	93,297	25,172	22,378	2,794
Total expenditures	16,462,953	18,456,404	17,813,528	642,876
Excess of revenues over (under) expenditures	1,407,126	(1,270,914)	110,360	1,381,274
Other financing sources (uses):				
Refund of prior year's expenditures	43,122	43,090	43,962	872
Refund of prior year's receipts	-	(57,072)	(57,072)	-
Transfers in	453	601,447	601,447	-
Transfers (out)	(163,194)	(161,497)	(676,448)	(514,951)
Total other financing sources (uses)	(119,618)	425,968	(88,111)	(514,079)
Net change in fund balance	1,287,508	(844,946)	22,249	867,195
Fund balance at beginning of year	7,482,677	7,482,677	7,482,677	-
Prior year encumbrances appropriated	484,718	484,718	484,718	-
Fund balance at end of year	$ 9,254,903	$ 7,122,449	$ 7,989,644	$ 867,195

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
Assets:		
Equity in pooled cash and investments	$ 28,105	$ 2,040,482
Total assets	28,105	2,040,482
Liabilities:		
Claims payable	-	144,835
Total liabilities	-	144,835
Net position:		
Unrestricted	28,105	1,895,647
Total net position	$ 28,105	$ 1,895,647

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
Operating revenues:		
Tuition and fees.	$ 18,326	$ -
Sales/charges for services.	-	2,531,162
Total operating revenues	18,326	2,531,162
Operating expenses:		
Purchased services.	16,776	462,526
Materials and supplies	3,186	63,825
Claims	-	1,866,723
Total operating expenses.	19,962	2,393,074
Operating income (loss)	(1,636)	138,088
Net position at beginning of year.	29,741	1,757,559
Net position at end of year	$ 28,105	$ 1,895,647

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Cash received from tuition and fees	$ 18,326	$ -
Cash received from interfund charges.	-	2,531,162
Cash payments for contractual services	(16,956)	(462,526)
Cash payments for materials and supplies	(3,186)	(63,825)
Cash payments for claims	-	(1,903,565)
Net cash provided by (used in) operating activities	(1,816)	101,246
Net increase (decrease) in cash and cash equivalents	(1,816)	101,246
Cash and cash equivalents at beginning of year	29,921	1,939,236
Cash and cash equivalents at end of year	$ 28,105	$ 2,040,482
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (1,636)	$ 138,088
Changes in assets and liabilities:		
Accounts payable	(180)	-
Claims payable	-	(36,842)
Net cash provided by (used in) operating activities.	$ (1,816)	$ 101,246

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash		
and investments	$ 5,205	$ 35,912
Total assets.	5,205	$ 35,912
Liabilities:		
Accounts payable.	-	$ 135
Due to students.	-	35,777
Total liabilities	-	$ 35,912
Net position:		
Held in trust for scholarships	5,205	
Total net position.	$ 5,205	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	$ 5,132
Total additions.	5,132
Deductions:	
Scholarships awarded	6,750
Change in net position	(1,618)
Net position at beginning of year.	6,823
Net position at end of year	$ 5,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District was established in 1850. The School District serves an area of approximately six square miles. It is located in Crawford County. It is staffed by 50 classified employees and 103 certified personnel who provide services to 1,267 students and other community members. The School District currently operates one elementary school, one high school/middle school, one athletic/community building, and one central office.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Bucyrus City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Bucyrus City School District.

The following activity is included within the School District's reporting entity:

> The School District participates in three jointly governed organizations and two insurance pools. These organizations are Northwest Ohio Computer Association, Pioneer Career and Technology Center**,** Metropolitan Educational Council, the Ohio School Plan and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

The basic financial statements of Bucyrus City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

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

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

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

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental and enterprise fund financial reporting is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The School District's only major funds are the general fund and bond retirement fund.

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has one enterprise fund that accounts for revenues from an after school care program.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District’s own programs. The School District’s private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District’s agency fund accounts for student-managed activities.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

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

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise activity.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, See Notes 14 and 15 for deferred outflows of resources related the School District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the School District, See Notes 14 and 15 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the statement of fund activity, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The statement of fund activity demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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

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

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

G. Cash and Investments

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

During fiscal year 2018, the School District invested in nonnegotiable certificates of deposit, federal agency securities and US government money market mutual funds. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current shares price.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the general fund during fiscal year 2018 was $121,033, which includes $27,343 assigned from other School District funds.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

H. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost of market and donated commodities are presented at their entitlement value. Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the fund financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spending resources even though it is a component of net current assets.

Inventory consists of administrative supplies and donated and purchased food.

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. The District has no restricted assets.

J. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position, but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	20 - 40 years
Buildings and improvements	25 - 138 years
Furniture and equipment	10 - 50 years
Vehicles	10 - 15 years

K. Deferred Charge on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

L. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Due to/Due from other funds" and receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

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

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liability that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they come due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

O. Unamortized Premium

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

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

P. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes includes amounts restricted for food service.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

R. Operating Revenue and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are tuition and fees for an after school care program. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

S. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments made for interfund services provided and used are not eliminated.

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

T. 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.

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

U. Estimates

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

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2018, the School District did not incur any transactions that would be classified as an extraordinary item or special item.

W. Fair Market Value

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the School District has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*" GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the School District's postemployment benefit plan disclosures, as presented in Note 15 to the basic financial statements, and added required supplementary information which is presented on pages 83-87.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the School District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities	Business-Type Activities
Net position as previously reported	$ 13,532,619	$ 29,741
Deferred outflows - payments subsequent to measurement date	36,088	-
Net OPEB liability	(5,008,106)	-
Restated net position at July 1, 2017	$ 8,560,601	$ 29,741

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

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Public Preschool	$ 34,977
IDEA Part B	56,843
Title I	94,719
IDEA Part B- Preschool Stimulus	1,194
Improving Teacher Quality	11,120
Miscellaneous Federal Grants	84,487

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all School District deposits was $8,394,164. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2018, $21,251 of the School District's bank balance of $8,703,457 was exposed to custodial risk as discussed below, while $8,682,206 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) 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 (2) 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. For fiscal year 2018, certain School District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS. 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 FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2018, the School District had the following investments and maturities:

		Investment Maturities		
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months
Fair Value:				
Negotiable CDs	$ 351,978	$ 351,978	$ -	$ -
US Government Money Market	67,236	67,236	-	-
FHLB	2,994,090	2,994,090	-	-
Total	$ 3,413,304	$ 3,413,304	$ -	$ -

The weighted average maturity of investments is 0.01 years.

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in negotiable CD's and federal agency securities are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

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

Credit Risk: The School District’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned the mutual fund an AAAm money market rating. The negotiable CD’s do not receive a rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2018:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
Negotiable CDs	$ 351,978	10.31
US Government Money Market	67,236	1.97
FHLB	2,994,090	87.72
Total	$ 3,413,304	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

Cash and investments per note	
Carrying amount of deposits	$ 8,394,164
Investments	3,413,304
Total	$ 11,807,468

Cash and investments per statement of net position	
Governmental activities	$ 11,738,246
Business-type activities	28,105
Private-purpose trust fund	5,205
Agency funds	35,912
Total	$ 11,807,468

NOTE 5 - RECEIVABLES

Receivables at June 30, 2018 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 5,372,372
Intergovernmental	580,221
Accounts	6,234
Accrued interest	2,862
Payments in lieu of taxes	36,555
Total	$ 5,998,244

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Crawford County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was $1,720,027 in the general fund, $362,301 in the bond retirement fund, $22,365 in the classroom facilities fund and $22,365 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2017 was $1,695,018 in the general fund, $368,206 in the bond retirement fund, $22,315 in the classroom facilities fund and $22,316 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

NOTE 6 - PROPERTY TAXES - (Continued)

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	$ 113,192,840	94.84	$ 111,648,380	94.54
Public utility personal	6,163,620	5.16	6,452,520	5.46
Total	$ 119,356,460	100.00	$ 118,100,900	100.00
Tax rate per $1,000 of assessed valuation	$60.90		$61.15	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Crawford County has entered into an agreement with a property owner under which the County has granted property tax exemptions to the property owner. The property owner has agreed to make payments to the County which reflect all or a portion of the property taxes which the property owner would have paid if their taxes had not been exempted. The agreement requires a portion of these payments to be made to the School District. The property owner contractually promises to make these payments in lieu of taxes until the agreement expires.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 706,175	$ -	$ -	$ 706,175
Total capital assets, not being depreciated	706,175	-	-	706,175
Capital assets, being depreciated:				
Land improvements	1,373,636	-	-	1,373,636
Buildings and improvements	39,688,212	-	-	39,688,212
Furniture and equipment	1,158,332	-	-	1,158,332
Vehicles	1,110,817	120,521	-	1,231,338
Total capital assets, being depreciated	43,330,997	120,521	-	43,451,518
Less: accumulated depreciation:				
Land improvements	(944,487)	(26,868)	-	(971,355)
Buildings and improvements	(8,310,803)	(758,408)	-	(9,069,211)
Furniture and equipment	(653,107)	(80,850)	-	(733,957)
Vehicles	(743,143)	(41,384)	-	(784,527)
Total accumulated depreciation	(10,651,540)	(907,510)	-	(11,559,050)
Governmental activities capital assets, net	$ 33,385,632	$ (786,989)	$ -	$ 32,598,643

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 503,782
Special	66,510
Vocational	24,334
Support services:	
Pupil	13,267
Instructional staff	3,140
Administration	37,004
Fiscal	4,739
Business	23,127
Operations and maintenance	70,221
Pupil transportation	26,229
Extracurricular activities	38,169
Food service operations	96,988
Total depreciation expense	$ 907,510

NOTE 9 - INTERFUND TRANSACTIONS

A. Interfund transfers at June 30, 2018, consisted of the following, as reported on the fund financial statements:

Transfer from general fund to:	Amount
Nonmajor governmental funds	$ 75,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund balances at June 30, 2018 as reported on the fund statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	$ 130,232

The primary purpose of the due to/from other funds is to cover negative cash in various nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

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NOTE 10 - LONG-TERM OBLIGATIONS

During the fiscal year 2018, the following changes occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance 07/01/17	Increase	Decrease	Balance 06/30/18	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds					
School Improvement Refunding Bonds FY2013					
Serial Bonds 1-3.5%	$ 7,500,000	$ -	$ (185,000)	$ 7,315,000	$ 190,000
Capital Appreciation Bonds 24.28-25.92%	240,000	-	-	240,000	-
Accreted Interest	377,715	162,822	-	540,537	-
School Improvement Refunding Bonds FY2014					
Serial Bonds 1.0-2.25%	1,830,000	-	(150,000)	1,680,000	455,000
Capital Appreciation Bonds 93.12%	19,999	-	(19,999)	-	-
Accreted Interest	190,196	94,805	(285,001)	-	-
Total General Obligation Bonds	10,157,910	257,627	(640,000)	9,775,537	645,000
Net Pension Liability	24,181,697	-	(6,922,220)	17,259,477	-
Net OPEB Liability	5,008,106	-	(1,036,296)	3,971,810	-
Compensated Absences	1,104,704	142,337	(206,147)	1,040,894	152,903
Total Governmental Activities Long-Term Obligations	$ 40,452,417	$ 399,964	$ (8,804,663)	$ 32,047,718	$ 797,903
Add: Unamortized Premium				1,588,504	
Total on Statement of Net Position				$ 33,636,222	

FY2007 School Improvement Bonds - On December 19, 2006, the School District issued general obligation bonds, in the amount of $13,150,000, for the renovation of an elementary school and renovation/addition to the high school. The bond issue included serial and term bonds, in the original amount of $3,230,000 and $9,920,000, respectively. The bonds were issued for a twenty-seven fiscal year period, with maturity in fiscal year 2034. The bonds are being retired through the Bond Retirement debt service fund. During fiscal year 2013, $8,310,000 of the bonds were refunded. During fiscal year 2014, a portion of the bonds were refunded, in the amount of $2,015,000.

FY2013 School Improvement Refunding Bonds - On May 16, 2013, the School District issued general obligation bonds, in the amount of $8,310,000, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of $8,070,000 and $240,000, respectively. The bonds were issued at a premium of $1,594,156. The bonds were issued for a nineteen year period, with final maturity in fiscal year 2032. The bonds are being retired through the Bond Retirement debt service fund (a nonmajor governmental fund).

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The net proceeds of the refunding bond issue, in the amount of $9,776,979, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY2007 School Improvement bonds. As a result, $8,310,000 of the FY2007 School Improvement bonds are considered to be defeased and the liability for the bonds has been removed from the School District's financial statements.

The refunding resulted in a deferred outflow of $1,466,979.

The serial bonds maturing on or after December 1, 2024, are subject to prior redemption on or after June 1, 2021, by and at the sole option of the School District, either in whole or in part and in integral multiples of $5,000, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2021 through 2023. The par value of the capital appreciation bonds is $240,000 and the maturity amount of the bonds is $2,145,000. For fiscal year 2018, $162,822 was accreted on the capital appreciation bonds for a total value of $780,537 at fiscal year-end.

FY2014 School Improvement Refunding Bonds - On May 8, 2014, the School District issued general obligation bonds, in the amount of $2,015,000, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of $1,995,000 and $19,999, respectively. The bonds were issued at a premium of $312,317. The bonds were issued for an eight year period, with final maturity in fiscal year 2022. The bonds are being retired through the Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of $2,267,418, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY2007 School Improvement bonds. As a result, $2,015,000 of the FY2007 School Improvement bonds are considered to be defeased and the liability for the bonds has been removed from the School District's financial statements.

Although the refunding will result in a deferred outflow of $172,907, the School District in effect decreased its aggregate debt service payments by $60,834 over the next nine years and obtained an economic gain (difference between present values of the old and new debt service payments) of $60,710.

The capital appreciation bonds matured in fiscal year 2018. The par value of the capital appreciation bonds was $19,999 and the maturity amount of the bonds was $305,000.

Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District's net pension liability is described in Note 14. The School District pays obligations related to employee compensation from the fund benefitting their service.

The School District's net OPEB liability is described in Note 15. The School District pays obligations related to employee compensation from the fund benefitting their service.

The School District's overall debt margin was $2,226,264 with an unvoted debt margin of $118,101 at June 30, 2018.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2018, were as follows:

Fiscal Year	FY2013 General Obligation Bonds			FY2013 Capital Appreciation Bonds		
Ending June 30,	Principal	Interest	Total	Principal	Accretion	Total
2019	$ 190,000	$ 202,255	$ 392,255	$ -	$ -	$ -
2020	220,000	198,630	418,630	-	-	-
2021	-	196,430	196,430	35,000	185,000	220,000
2022	-	196,430	196,430	60,000	365,000	425,000
2023	-	196,430	196,430	80,000	670,000	750,000
2024 - 2028	3,185,000	840,435	4,025,435	65,000	685,000	750,000
2029 - 2033	3,720,000	263,265	3,983,265	-	-	-
Total	$ 7,315,000	$ 2,093,875	$ 9,408,875	$ 240,000	$ 1,905,000	$ 2,145,000

Fiscal Year	FY2014 General Obligation Bonds		
Ending June 30,	Principal	Interest	Total
2019	$ 455,000	$ 30,808	$ 485,808
2020	465,000	21,608	486,608
2021	475,000	11,614	486,614
2022	285,000	3,135	288,135
Total	$ 1,680,000	$ 67,165	$ 1,747,165

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ 22,249
Net adjustment for revenue accruals	11,169
Net adjustment for expenditure accruals	(264,509)
Net adjustment for other sources/uses	13,111
Funds budgeted elsewhere	6,698
Adjustment for encumbrances	1,040,924
GAAP basis	$ 829,642

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the class play fund, the underground storage tank fund, and the public school support fund.

NOTE 12 - SET-ASIDES

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

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NOTE 12 - SET-ASIDES - (Continued)

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

	Capital Improvements
Set-aside balance June 30, 2017	$ -
Current year set-aside requirement	229,858
Current year offsets	(116,826)
Prior year offset from bond proceeds	(113,032)
Total	$ -
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

During fiscal year 2007, the District issued $13,150,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to $0 for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was $12,808.193 at June 30, 2018.

NOTE 13 - RISK MANAGEMENT

A. Ohio School Plan

The School District belongs to the Ohio School Plan (the “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator’s legal liability, automobile and violence coverages, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s specific deductible.

NOTE 13 - RISK MANAGEMENT - (Continued)

The Plan issues its own policies and reinsures the Plan with reinsurances carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self–retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with GAAP and reported the following assets, liabilities and retained earnings at December 31, 2017, 2016 and 2015 (latest information available):

	2017	2016	2015
Assets	$ 11,441,994	$ 10,507,059	$ 9,313,853
Liabilities	4,503,476	3,853,671	3,956,512
Net Position	6,938,518	6,653,388	5,357,341

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org under "*Financials*".

Coverages provided to the School District through the Plan are as follows:

Buildings and Contents - replacement cost $70,384,595
Auto Liability 4,000,000
General Liability
Each Occurrence 4,000,000
Aggregate 6,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. Worker's Compensation

For fiscal year 2018, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Medical Insurance

The School District offers medical and drug insurance to all employees through a self-insured program through the self-insurance internal service fund. The School District purchased stop loss insurance for claims in excess of $100,000 per individual. The School District has reinsurance for claims above $100,000, with a capped maximium of $1,000,000. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2018, was estimated by the third party administrator at $144,835.

The change in the claims liability for the past two fiscal years is as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2018	$ 181,677	$ 1,866,723	$ (1,903,565)	$ 144,835
2017	125,526	1,856,506	(1,800,355)	181,677

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the School 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.

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

NOTE 14 - 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.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School 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 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School 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. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $301,117 for fiscal year 2018. Of this amount, $11,747 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website 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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $926,174 for fiscal year 2018. Of this amount, $157,317 is reported as pension and postemployment benefits payable.

Net Pension Liability

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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 and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.06674380%	0.05764843%	
Proportion of the net pension liability current measurement date	0.06527510%	0.05623790%	
Change in proportionate share	-0.00146870%	-0.00141053%	
Proportionate share of the net pension liability	$ 3,900,043	$ 13,359,434	$ 17,259,477
Pension expense	$ (93,892)	$ (5,505,346)	$ (5,599,238)

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 167,847	$ 515,876	$ 683,723
Changes of assumptions	201,675	2,921,855	3,123,530
Difference between School District contributions and proportionate share of contributions/ change in proportionate share	86,080	-	86,080
School District contributions subsequent to the measurement date	301,117	926,174	1,227,291
Total deferred outflows of resources	$ 756,719	$ 4,363,905	$ 5,120,624
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 107,672	$ 107,672
Net difference between projected and actual earnings on pension plan investments	18,513	440,876	459,389
Difference between School District contributions and proportionate share of contributions/ change in proportionate share	67,141	1,084,587	1,151,728
Total deferred inflows of resources	$ 85,654	$ 1,633,135	$ 1,718,789

$1,227,291 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 202,902	$ 254,256	$ 457,158
2020	217,804	854,000	1,071,804
2021	40,160	551,529	591,689
2022	(90,918)	144,813	53,895
2023	-	(2)	(2)
Total	$ 369,948	$ 1,804,596	$ 2,174,544

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 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	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the 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 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 average 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 Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate **-** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School 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%)
School District's proportionate share of the net pension liability	$ 5,412,246	$ 3,900,043	$ 2,633,264

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's 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:

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 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 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School 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 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$ 19,150,294	$ 13,359,434	$ 8,481,502

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School 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.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School 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.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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, .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 School District's surcharge obligation was $34,721.

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 School District's contractually required contribution to SERS was $45,873 for fiscal year 2018. Of this amount, $35,156 is reported as pension and postemployment benefits payable.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 School District's proportion of the net OPEB liability was based on the School 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 and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.06753695%	0.05764843%	
Proportion of the net OPEB liability current measurement date	0.06623650%	0.05623790%	
Change in proportionate share	-0.00130045%	-0.00141053%	
Proportionate share of the net OPEB liability	$ 1,777,615	$ 2,194,195	$ 3,971,810
OPEB expense	$ 94,360	$ (680,327)	$ (585,967)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 126,663	$ 126,663
School District contributions subsequent to the measurement date	45,873	-	45,873
Total deferred outflows of resources	$ 45,873	$ 126,663	$ 172,536

	SERS	STRS	Total
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 4,694	$ 93,785	$ 98,479
Changes of assumptions	168,687	176,750	345,437
Difference betweenSchool District contributions and proportionate share of contributions/ change in proportionate share	32,329	64,659	96,988
Total deferred inflows of resources	$ 205,710	$ 335,194	$ 540,904

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

$45,873 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (74,006)	$ (42,570)	$ (116,576)
2020	(74,006)	(42,570)	(116,576)
2021	(56,526)	(42,570)	(99,096)
2022	(1,172)	(42,570)	(43,742)
2023	-	(19,125)	(19,125)
Thereafter	-	(19,126)	(19,126)
Total	$ (205,710)	$ (208,531)	$ (414,241)

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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 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.

Sensitivity of the School 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%)
School District's proportionate share of the net OPEB liability	$ 2,146,695	$ 1,777,615	$ 1,485,207

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	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 %)
School District's proportionate share of the net OPEB liability	$ 1,442,400	$ 1,777,615	$ 2,221,274

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.

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.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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.

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:

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 actuarial 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School 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.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$ 2,945,672	$ 2,194,195	$ 1,600,283

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 1,524,433	$ 2,194,195	$ 3,075,681

NOTE 16 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred seventy-four days for classified employees and two hundred sixty-three days for certified employees. Upon retirement, payment is made for thirty percent of accrued but unused sick leave credit for classified employees and for certified employees payment is made based on accrued but unused sick leave credit as follows:

Sick Leave Balance		Maximum Days Paid
At least 235 days		65
At least 175 days		55
At least 100 days		50
Less than 100 days		30% of balance

B. Health Care Benefits

The School District offers medical insurance to all employees through a self-insurance program. Dental insurance is offered to all employees through Coresource, Inc. Life insurance is through the Metropolitan Educational Council.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association (NWOCA)

Northwest Ohio Computer Association (NWOCA)
NWOCA is an association of educational entities, primarily school districts, located in Crawford, Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among members. NWOCA is governed by its participating members, which consists of a representative from each member entity. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

B. Pioneer Career and Technology Center

The Pioneer Career and Technology Center (Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Center operates under the direction of a Board consisting of eleven appointed members from the fourteen participating school districts. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from Pioneer Career and Technology Center, 27 Ryan Road, Shelby, Ohio 44875.

C. Metropolitan Educational Council

The Metropolitan Education Council (MEC) is a purchasing cooperative made up of one-hundred-ninety-three school districts, libraries, and related agencies in fifty-two counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The governing board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC.

NOTE 18 - INSURANCE POOLS

A. The Ohio School Boards Association Workers' Compensation Group Rating Plan

The School 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 Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP'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 a coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - INSURANCE POOLS - (Continued)

B. Ohio School Plan

The School District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

NOTE 19 - CONTINGENCIES

A. Grants

The School 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 School District at June 30, 2018.

B. Litigation

The School District is not party to legal proceedings which, in the opinion of School District management, will have a material effect, if any, on the financial condition of the School District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2017-2018 school year, traditional School Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2018 Foundation funding and owed the District $14,729.

NOTE 20 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 876,981
Other nonmajor governmental funds	37,766
Total	$ 914,747

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	**2017**	**2016**	**2015**	**2014**
School District's proportion of the net pension liability	0.06527510%	0.06674380%	0.06672950%	0.06052200%	0.06052200%
School District's proportionate share of the net pension liability	$ 3,900,043	$ 4,885,030	$ 3,807,650	$ 3,062,984	$ 3,599,049
School District's covered payroll	$ 2,170,650	$ 2,068,814	$ 2,008,847	$ 1,758,636	$ 1,448,049
School District's proportionate share of the net pension liability as a percentage of its covered payroll	179.67%	236.13%	189.54%	174.17%	248.54%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.05623790%	0.05764843%	0.06149551%	0.06228956%	0.06228956%
School District's proportionate share of the net pension liability	$ 13,359,434	$ 19,296,667	$ 16,995,560	$ 15,150,977	$ 18,047,744
School District's covered payroll	$ 6,024,329	$ 6,237,971	$ 6,429,671	$ 6,364,469	$ 6,162,846
School District's proportionate share of the net pension liability as a percentage of its covered payroll	221.76%	309.34%	264.33%	238.06%	292.85%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 301,117	$ 303,891	$ 289,634	$ 264,766
Contributions in relation to the contractually required contribution	(301,117)	(303,891)	(289,634)	(264,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 2,230,496	$ 2,170,650	$ 2,068,814	$ 2,008,847
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	243,747	$	200,410	$	248,468	$	237,800	$	227,857	$	176,925
	(243,747)		(200,410)		(248,468)		(237,800)		(227,857)		(176,925)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,758,636	$	1,448,049	$	1,847,346	$	1,891,806	$	1,682,843	$	1,798,018
	13.86%		13.84%		13.45%		12.57%		13.54%		9.84%

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	**2017**	**2016**	**2015**
Contractually required contribution	$ 926,174	$ 843,406	$ 873,316	$ 900,154
Contributions in relation to the contractually required contribution	(926,174)	(843,406)	(873,316)	(900,154)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 6,615,529	$ 6,024,329	$ 6,237,971	$ 6,429,671
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	827,381	$	801,170	$	919,982	$	918,789	$	865,305	$	895,860
	(827,381)		(801,170)		(919,982)		(918,789)		(865,305)		(895,860)
$	-	$	-	$	-	$	-	$	-	$	-
$	6,364,469	$	6,162,846	$	7,076,785	$	7,067,608	$	6,656,192	$	6,891,231
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	**2017**
School District's proportion of the net OPEB liability	0.06623650%	0.06753695%
School District's proportionate share of the net OPEB liability	$ 1,777,615	$ 1,925,053
School District's covered payroll	$ 2,170,650	$ 2,068,814
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.89%	93.05%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	**2017**
School District's proportion of the net OPEB liability	0.05623790%	0.05764843%
School District's proportionate share of the net OPEB liability	$ 2,194,195	$ 3,083,053
School District's covered payroll	$ 6,024,329	$ 6,237,971
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.42%	49.42%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS
0

	2018	2017	2016	2015
Contractually required contribution	$ 45,873	$ 36,088	$ 33,743	$ 45,752
Contributions in relation to the contractually required contribution	(45,873)	(36,088)	(33,743)	(45,752)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 2,230,496	$ 2,170,650	$ 2,068,814	$ 2,008,847
Contributions as a percentage of covered payroll	2.06%	1.66%	1.63%	2.28%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		**2013**		**2012**		**2011**		**2010**		**2009**	
$	32,202	$	2,448	$	10,760	$	28,794	$	8,201	$	80,660
	(32,202)		(2,448)		(10,760)		(28,794)		(8,201)		(80,660)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,758,636	$	1,448,049	$	1,847,346	$	1,891,806	$	1,682,843	$	1,798,018
	1.83%		0.17%		0.58%		1.52%		0.49%		4.49%

BUCRYUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 6,615,529	$ 6,024,329	$ 6,237,971	$ 6,429,671
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	65,186	$	62,934	$	71,664	$	71,561	$	69,243	$	69,300
	(65,186)		(62,934)		(71,664)		(71,561)		(69,243)		(69,300)
$	-	$	-	$	-	$	-	$	-	$	-
$	6,364,469	$	6,162,846	$	7,076,785	$	7,067,608	$	6,656,192	$	6,891,231
	1.00%		1.00%		1.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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 (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) 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), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY

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

FEDERAL GRANTOR *Passed Through Grantor* Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the Ohio Department of Education		
Child Nutrition Cluster:		
Cash Assistance		
School Breakfast Program	10.553	$ 193,058
National School Lunch Program	10.555	402,917
Summer Food Service Program for Children	10.559	49,846
		645,821
Non-Cash Assistance		
National School Lunch Program	10.555	34,567
Total Child Nutrition Cluster		680,388
Child and Adult Care Food Program	10.558	16,845
Child Nutrition Discretionary Grants Limited Availability	10.579	361
Total U.S. Department of Agriculture		**697,594**
U.S. DEPARTMENT OF EDUCATION		
Passed through the Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	466,932
Special Education Cluster:		
Special Education - Grants to States	84.027	387,629
Special Education - Preschool Grants	84.173	14,767
Total Special Education Cluster		402,396
Twenty-First Century Community Learning Centers	84.287	375,027
Improving Teacher Quality State Grants	84.367	73,369
Rural Education	84.358	32,393
Total U.S. Department of Education		**1,350,117**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 2,047,711**

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD 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 Bucyrus City School District, Crawford County, Ohio, (the District) under programs of the federal government for the year ended June 30, 2018. 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, changes in net position, or cash flows 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 - 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 E – 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.

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

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, Ohio 44820

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, Crawford 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 6, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

February 6, 2019

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

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, Ohio 44820

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Bucyrus City School District's, Crawford County, Ohio (the District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program 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 program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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 the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Bucyrus City School District, Crawford County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

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 the 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 6, 2019

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY

SCHEDULE OF FINDINGS
2 CFR § 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)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control 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):**	CFDA #84.010 – Title I Grants to Local Educational Agencies
(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?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD 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 5, 2019