Greenfield Exempted Village School District
Highland County
Single Audit
For the Fiscal Year Ended June 30, 2018

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Greenfield Exempted Village School District
200 N Fifth St
Greenfield, OH 45123

We have reviewed the *Independent Auditor's Report* of the Greenfield Exempted Village School District, Highland County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greenfield Exempted Village School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 10, 2019

This page intentionally left blank.

Greenfield Exempted Village School District
Table of Contents
For the Fiscal Year Ended June 30, 2018

Independent Auditor's Report

Board of Education
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greenfield Exempted Village School District, Highland County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparisons for the General Fund and Title I Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 20 to the financial statements, during fiscal year 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The 2018 financial statements have been restated due to this implementation. 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 that the management's discussion and analysis, the schedules of the School District's proportionate share of the net pension and OPEB liabilities, and the schedules of School District pension and OPEB contributions on pages 4 through 11 and 64 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Greenfield Exempted Village Schools' (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance 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 notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018 by $18,266,627.

- The School District's net position of governmental activities increased $10,366,939

- General revenues accounted for $21,534,525 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for $4,931,370 or 19 percent of total revenues of $26,465,895.

- The School District had $16,098,956 in expenses related to governmental activities; $4,931,370 of these expenses were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Greenfield Exempted Village Schools' financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. Most of the School District's programs and services are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund, Capital Projects Fund, and the Title I Special Revenue Fund.

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 the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational support services. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds. The School District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the School District reports it as a proprietary fund using the full accrual basis of accounting. Since the internal fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements.

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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary funds are agency funds which are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds which are used to maintain the financial activity of the School District's Scholarship Funds.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities	
	2018	2017*
Assets:		
Current and Other Assets	$ 28,199,401	$ 27,304,418
Capital Assets, Net	21,946,034	21,752,468
Total Assets	50,145,435	49,056,886
Deferred Outflows of Resources:		
Pensions	7,914,774	6,861,918
OPEB	296,312	50,882
Unamoritized Deferred Amount on Refunding	3,944	5,979
Total Deferred Outflows of Resources	8,215,030	6,918,779
Liabilities:		
Current and Other Liabilities	2,944,784	2,455,537
Long-Term Liabilities:		
Due Within One Year	300,676	288,307
Due in More than One Year:		
Net Pension Liabilities	24,311,552	32,902,505
Net OPEB Liabilities	5,603,330	6,851,270
Other Amounts	1,945,767	2,135,008
Total Liabilities	35,106,109	44,632,627
Deferred Inflows of Resources:		
Pensions	854,841	50,972
OPEB	632,361	-
Property Taxes not Levied to Finance Current Year Operations	3,500,527	3,392,378
Total Deferred Inflows of Resources	4,987,729	3,443,350
Net Position:		
Net Investment in Capital Assets	20,927,594	20,781,470
Restricted	3,266,150	3,604,113
Unrestricted (Deficit)	(5,927,117)	(16,485,895)
Total Net Position	$ 18,266,627	$ 7,899,688

*As restated – see Note 20 for additional information. Reclassifications were also made for consistency of reporting between years.

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 School 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 $14,700,076 to $7,899,688.

Total net position of the School District as a whole increased $10,366,939. The primary reason for the increase in current assets was primarily due to an increase of intergovernmental receivable, which was partially offset by a decrease in equity in pooled cash, cash equivalents and investments. The increase in capital assets was primarily due to additions, which was partially offset by current year depreciation expense. The increase in current liabilities was primarily due to the increases in accounts payable and contracts payable. Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. The increases in deferred outflows of resources and increases in deferred inflows of resources are primarily due to pension and OPEB related activity.

Table 2 shows the changes in net position for 2018 compared to 2017.

Table 2
Change in Net Position

	Governmental Activities	
	2018	2017*
Revenue		
Program Revenues:		
Charges for Services and Sales	$ 1,187,318	$ 1,147,453
Operating Grants and Contributions	3,741,252	3,992,995
Capital Grants and Contributions	2,800	160,593
Total Program Revenues	4,931,370	5,301,041
General Revenue:		
Income Taxes	2,105,722	2,023,177
Grants and Entitlements, Not Restricted for Specific Programs	15,176,876	15,301,447
Gifts and Donations, Not Restricted for Specific Programs	1,000	510
Investment Earnings	190,465	97,179
Miscellaneous	259,799	227,675
Property Taxes	3,800,663	3,610,373
Total General Revenues	21,534,525	21,260,361
Total Revenues	26,465,895	26,561,402
Program Expenses		
Instruction		
Regular	6,179,872	12,190,677
Special	1,590,858	3,131,349
Vocational	199,711	383,351
Other	1,660,774	1,798,017
Support Services		
Pupils	398,184	848,446
Instructional Staff	224,934	398,396
Board of Education	69,876	62,880
Administration	1,107,747	2,289,415
Fiscal	448,197	485,083
Operation and Maintenance of Plant	2,017,218	2,202,073
Pupil Transportation	1,073,770	1,170,365
Central	53	48
Operation of Non-Instructional Services	846,473	878,910
Extracurricular Activities	257,402	570,666
Interest and Fiscal Charges	23,887	35,753
Total Expenses	16,098,956	26,445,429
Increase in Net Position	10,366,939	115,973
Net Position at Beginning of Year	7,899,688	N/A
Net Position at End of Year	$ 18,266,627	$ 7,899,688

*Information for the implementation of GASB 75 with regards to expenses was not available and therefore amounts were not restated. See note 20 for additional information.

Governmental Activities

Charges for services and sales comprised 4 percent of revenue for governmental activities, while operating grants and contributions comprised 14 percent of revenue for governmental activities of the School District for fiscal year 2018. Income tax revenue comprised 8 percent of revenue for governmental activities. Property tax revenue comprised 14 percent of revenue for governmental activities for fiscal year 2018. Operating grants and contributions decreased due to less monies received for Improving Teacher Quality and Miscellaneous Federal Grant programs in 2018 compared to 2017. The increase in property taxes is due to the increase in property tax valuations.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 38 percent of governmental program expenses. The decrease in expenses is due mainly to pension and OPEB activity.

The Statement of Activities shows the cost of program services and the charges for services, sales, and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements, taxes and other general revenues.

Table 3
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	$ 6,179,872	$ 5,191,997	$ 12,190,677	$ 11,046,879
Special	1,590,858	(332,952)	3,131,349	1,088,471
Vocational	199,711	61,916	383,351	245,162
Other	1,660,774	1,535,559	1,798,017	1,730,146
Support Services:				
Pupils	398,184	362,911	848,446	747,729
Instructional Staff	224,934	197,378	398,396	383,358
Board of Education	69,876	64,608	62,880	60,506
Administration	1,107,747	999,174	2,289,415	2,063,972
Fiscal	448,197	413,004	485,083	465,538
Operation and Maintenance of Plant	2,017,218	1,802,269	2,202,073	1,994,087
Pupil Transportation	1,073,770	999,303	1,170,365	1,039,689
Central	53	49	48	46
Operation of Non-Instructional Services	846,473	3,346	878,910	(27,863)
Extracurricular Activities	257,402	(154,863)	570,666	270,915
Interest and Fiscal Charges	23,887	23,887	35,753	35,753
Total	$ 16,098,956	$ 11,167,586	$ 26,445,429	$ 21,144,388

THE SCHOOL DISTRICT'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $27,448,603 and expenditures and other financing uses of $27,039,353. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund increased by $1,156,185. This increase is due mainly to revenues exceeding expenditures

The fund balance of the Capital Projects Fund decreased $456,065. The Capital Projects Fund had transfers in in the amount of $400,000 and expenditures in the amount of $856,065. The fund balance of the Title I Fund decreased $44,872. The Title I Fund had revenues in the amount of $770,150 and expenditures in the amount of $815,022.

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 2018, there were several revisions to the General Fund budget. In part, these revisions increased estimated revenues and other financing sources by $2,230,407 due to increases in intergovernmental revenue and increased appropriations by $2,185,152 due to increases in regular instruction and advances out anticipated. The General fund's ending unobligated cash balance was $6,857,331.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the School District had $21,946,034 invested in its capital assets. Table 4 shows the fiscal year 2018 balances compared to 2017.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 54,539	$ 54,539
CIP	337,726	-
Land Improvements	321,731	341,721
Buildings and Improvements	19,175,613	19,686,154
Furniture and Equipment	947,992	508,840
Vehicles	1,108,433	1,161,214
Totals	$ 21,946,034	$ 21,752,468

Changes in capital assets from the prior year resulted from the additions and depreciation expense. See Note 7 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2018, the School District had Refunding Bonds consisting of $700,000 in current interest bonds. See Note 13 to the basic financial statements for more detailed information relating to debt.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joe Smith, Treasurer, Greenfield Exempted Village Schools, 200 North Fifth Street, Greenfield, Ohio 45123.

Greenfield Exempted Village School District
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	$ 21,741,732
Accrued Interest Receivable	24,320
Due from Agency Fund	10,567
Prepaid Items	85,200
Intergovernmental Receivable	1,455,021
Taxes Receivable	4,882,561
Noncurrent Assets:	
Non-Depreciable Capital Assets	392,265
Depreciable Capital Assets, net	21,553,769
Total Assets	50,145,435
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	6,773,987
School Employees Retirement System	1,140,787
OPEB:	
State Teachers Retirement System	230,174
School Employees Retirement System	66,138
Unamortized Deferred Amount on Refunding	3,944
Total Deferred Outflows of Resources	8,215,030
LIABILITIES:	
Current Liabilities:	
Accounts Payable	393,016
Accrued Wages and Benefits	1,865,221
Contracts Payable	307,748
Intergovernmental Payable	351,395
Accrued Interest Payable	2,037
Claims Payable	25,367
Noncurrent Liabilities:	
Due Within One Year	300,676
Due in More Than One Year	
Net Pension Liability (See Note 10)	24,311,552
Net OPEB Liability (See Note 11)	5,603,330
Other Amounts Due in More Than One Year	1,945,767
Total Liabilities	35,106,109
DEFERRED INFLOWS OF RESOURCES	
Pensions:	
State Teachers Retirement System	796,747
School Employees Retirement System	58,094
OPEB:	
State Teachers Retirement System	380,372
School Employees Retirement System	251,989
Property Taxes not Levied to Finance Current Year Operations	3,500,527
Total Deferred Inflows of Resources	4,987,729
NET POSITION:	
Net Investment in Capital Assets	20,927,594
Restricted for Debt Service	1,333,131
Restricted for Capital Outlay	51,152
Restricted for Other Purposes	723,904
Restricted for Classroom Facilities Maintenance	1,157,963
Unrestricted (Deficit)	(5,927,117)
Total Net Position	$ 18,266,627

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	$ 6,179,872	$ 306,482	$ 678,641	$ 2,752	$ (5,191,997)
Special	1,590,858	61,150	1,862,660	-	332,952
Vocational	199,711	14,461	123,334	-	(61,916)
Other	1,660,774	125,215	-	-	(1,535,559)
Support Services:					
Pupils	398,184	29,427	5,846	-	(362,911)
Instructional Staff	224,934	15,760	11,796	-	(197,378)
Board of Education	69,876	5,268	-	-	(64,608)
Administration	1,107,747	80,514	28,059	-	(999,174)
Fiscal	448,197	33,185	2,008	-	(413,004)
Operation and Maintenance of Plant	2,017,218	131,139	83,762	48	(1,802,269)
Pupil Transportation	1,073,770	74,467	-	-	(999,303)
Central	53	4	-	-	(49)
Operation of Non-Instructional Services	846,473	192,764	650,363	-	(3,346)
Extracurricular Activities	257,402	117,482	294,783	-	154,863
Interest and Fiscal Charges	23,887	-	-	-	(23,887)
Total Governmental Activities	$ 16,098,956	$ 1,187,318	$ 3,741,252	2,800	(11,167,586)
General Revenues:					
Taxes Levied for:					
General Purposes					3,601,032
Debt Service					132,162
Classroom Facilities					67,469
Income Taxes					2,105,722
Grants and Entitlements, Not Restricted to Specific Programs					15,176,876
Gifts and Donations, Not Restricted to Specific Programs					1,000
Investment Earnings					190,465
Miscellaneous					259,799
Total General Revenues					21,534,525
Change in Net Position					10,366,939
Net Position Beginning of Year - As Restated					7,899,688
Net Position End of Year					$ 18,266,627

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects	Title I	All Other Governmental Funds	Total Governmental Funds
ASSETS:					
Equity in Pooled Cash, Cash Equivalents and Investments	$ 8,367,244	$ 3,860,498	$ 975,033	$ 6,852,370	$ 20,055,145
Accrued Interest Receivable	24,320	-	-	-	24,320
Interfund Receivable	6,476,049	-	-	-	6,476,049
Intergovernmental Receivable	96,948	-	581,618	776,455	1,455,021
Prepaid Items	80,943	-	-	4,257	85,200
Taxes Receivable	4,658,889	-	-	223,672	4,882,561
Total Assets	$ 19,704,393	$ 3,860,498	$ 1,556,651	$ 7,856,754	$ 32,978,296
LIABILITIES:					
Accounts Payable	$ 318,161	$ 4,899	$ -	$ 69,956	$ 393,016
Accrued Wages and Benefits	1,820,130	-	-	45,091	1,865,221
Contracts Payable	-	307,748	-	-	307,748
Interfund Payable	-	2,248,653	1,537,313	2,679,516	6,465,482
Intergovernmental Payable	324,705	-	6,572	20,118	351,395
Total Liabilities	2,462,996	2,561,300	1,543,885	2,814,681	9,382,862
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes not Levied to Finance Current Year Operations	3,316,657	-	-	183,870	3,500,527
Unavailable Revenue - Delinquent Taxes	418,575	-	-	23,222	441,797
Unavailable Revenue - Interest	8,960	-	-	-	8,960
Unavailable Revenue - Grants	-	-	-	8,696	8,696
Total Deferred Inflows of Resources	3,744,192	-	-	215,788	3,959,980
FUND BALANCES:					
Nonspendable	80,943	-	-	4,257	85,200
Restricted	-	-	12,766	3,250,113	3,262,879
Committed	270,429	-	-	-	270,429
Assigned	2,298,564	1,299,198	-	1,595,896	5,193,658
Unassigned (Deficit)	10,847,269	-	-	(23,981)	10,823,288
Total Fund Balances	13,497,205	1,299,198	12,766	4,826,285	19,635,454
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 19,704,393	$ 3,860,498	$ 1,556,651	$ 7,856,754	$ 32,978,296

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$	19,635,454
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,946,034
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Taxes	441,797		
Interest	8,960		
Intergovernmental	8,696		
Total			459,453
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			1,661,220
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net position.			(2,037)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.			
Deferred outflows of resources related to pensions	7,914,774		
Deferred outflows of resources related to OPEB	296,312		
Deferred inflows of resources related to pensions	(854,841)		
Deferred inflows of resources related to OPEB	(632,361)		
Net Pension Liability	(24,311,552)		
Net OPEB Liability	(5,603,330)		
			(23,190,998)
The unamortized deferred amount on refunding and long-term liabilities, including bonds, refunding premiums, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences	(1,531,807)		
Refunding Bonds:			
Current Interest Bonds	(700,000)		
Unamortized Deferred Amount on Refunding	3,944		
Unamortized Premium on Refunding Bonds	(14,636)		
Total			(2,242,499)
Net Position of Governmental Activities		$	18,266,627

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Capital Projects	Title I	All Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	$ 3,571,603	$ -	$ -	$ 198,006	$ 3,769,609
Income Tax	2,105,722	-	-	-	2,105,722
Intergovernmental	16,471,010	-	770,150	1,737,589	18,978,749
Interest	187,948	-	-	-	187,948
Tuition and Fees	737,603	-	-	-	737,603
Rent	400	-	-	-	400
Extracurricular Activities	5,802	-	-	128,488	134,290
Gifts and Donations	1,000	-	-	27,339	28,339
Customer Sales and Services	118,940	-	-	196,085	315,025
Miscellaneous	245,123	-	-	14,676	259,799
Total Revenues	23,445,151	-	770,150	2,302,183	26,517,484
EXPENDITURES:					
Current:					
Instruction:					
Regular	10,322,462	-	-	1,193,425	11,515,887
Special	2,019,130	-	762,362	17,438	2,798,930
Vocational	376,220	-	-	-	376,220
Other	1,719,732	-	-	-	1,719,732
Support Services:					
Pupils	765,980	-	-	7,882	773,862
Instructional Staff	348,928	-	-	15,903	364,831
Board of Education	71,822	-	-	-	71,822
Administration	1,908,416	-	37,828	-	1,946,244
Fiscal	470,669	-	-	8,049	478,718
Operation and Maintenance of Plant	1,793,802	4,899	-	112,924	1,911,625
Pupil Transportation	1,064,537	-	-	-	1,064,537
Central	53	-	-	-	53
Operation of Non-Instructional Services	-	-	14,832	864,715	879,547
Extracurricular Activities	193,897	-	-	397,414	591,311
Capital Outlay	302,199	851,166	-	176,700	1,330,065
Debt Service:					
Principal	-	-	-	255,000	255,000
Interest	-	-	-	29,850	29,850
Total Expenditures	21,357,847	856,065	815,022	3,079,300	26,108,234
Excess of Revenues Over (Under) Expenditures	2,087,304	(856,065)	(44,872)	(777,117)	409,250
OTHER FINANCING SOURCES AND USES:					
Transfers In	-	400,000	-	531,119	931,119
Transfers Out	(931,119)	-	-	-	(931,119)
Total Other Financing Sources and Uses	(931,119)	400,000	-	531,119	-
Net Change in Fund Balances	1,156,185	(456,065)	(44,872)	(245,998)	409,250
Fund Balances at Beginning of Year	12,341,020	1,755,263	57,638	5,072,283	19,226,204
Fund Balances at End of Year	$ 13,497,205	$ 1,299,198	$ 12,766	$ 4,826,285	$ 19,635,454

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

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		$ 409,250
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. This is the amount by which capital asset additions exceeded depreciation in the current period.		
Capital Asset Additions	1,330,065	
Current Year Depreciation	(1,136,499)	
Total		193,566
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	31,054	
Intergovernmental	(85,160)	
Interest	2,517	
Total		(51,589)
The amortization of premium from the sale of bonds is recorded as a reduction of liability in the statement of net position, but does not result in an expenditure in the governmental funds.		7,341
Deferred amounts on refunding are included as expenditures in the funds, but are deferred and amortized over the life of the bonds in the government-wide financial statements.		(2,035)
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		255,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(85,469)	
Decrease in Interest Payable	657	
Total		(84,812)
Contractually required contributions for pensions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,685,528
Contractually required contributions for OPEB are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		66,138
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		7,154,412
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		794,871
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund 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 with the exception of interest earnings.		(60,731)
Net Change in Net Position of Governmental Activities		$ 10,366,939

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Total Revenues and Other Financing Sources	$ 24,695,529	$ 26,925,936	$ 26,908,178	$ (17,758)
Total Expenditures and Other Financing Uses	25,417,221	27,602,373	27,601,373	1,000
Net Change in Fund Balance	(721,692)	(676,437)	(693,195)	(16,758)
Fund Balance at Beginning of Year - Restated	5,425,908	5,425,908	5,425,908	-
Prior Year Encumbrances Appropriated - Restated	2,124,618	2,124,618	2,124,618	-
Fund Balance at End of Year	$ 6,828,834	$ 6,874,089	$ 6,857,331	$ (16,758)

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Title I Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Total Revenues and Other Financing Sources	$ 1,957,628	$ 1,053,606	$ 1,053,606	$ -
Total Expenditures and Other Financing Uses	2,857,803	1,759,865	1,759,865	-
Net Change in Fund Balance	(900,175)	(706,259)	(706,259)	-
Fund Balance at Beginning of Year	1,670,791	1,670,791	1,670,791	-
Prior Year Encumbrances Appropriated	5,295	5,295	5,295	-
Fund Balance at End of Year	$ 775,911	$ 969,827	$ 969,827	$ -

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District
Statement of Fund Net Position
Governmental Activities
Internal Service Fund
June 30, 2018

	Internal Service
ASSETS:	
Equity in Pooled Cash,Cash Equivalents and Investments	$ 1,686,587
Total Assets	1,686,587
LIABILITIES:	
Claims Payable	25,367
Total Liabilities	25,367
NET POSITION:	
Unrestricted	1,661,220
Total Net Position	$ 1,661,220

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Revenues, Expenses and Changes in Fund Net Position
Governmental Activities
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	Internal Service
OPERATING REVENUES:	
Charges for Services	$ 498,589
Total Operating Revenues	498,589
OPERATING EXPENSES:	
Claims	185,288
Other	374,032
Total Operating Expenses	559,320
Change in Net Position	(60,731)
Net Position at Beginning of Year	1,721,951
Net Position at End of Year	$ 1,661,220

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District
Statement of Cash Flows
Governmental Activities
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	Internal Service
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	$ 498,589
Cash Payments for Claims	(182,140)
Cash Payments for Other Operating Uses	(374,032)
Net Cash Used for Operating Activities	(57,583)
Cash and Cash Equivalents at Beginning of Year	1,744,170
Cash and Cash Equivalents at End of Year	$ 1,686,587
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	$ (60,731)
Changes in Liabilities:	
Increase in Claims Payable	3,148
Net Cash Used for Operating Activities	$ (57,583)

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust Funds	Agency Fund
ASSETS:		
Equity in Pooled Cash, Cash Equivalents and Investments	$ 1,567,601	$ 190,292
Investments	2,323,099	
Total Assets	3,890,700	
LIABILITIES:		
Interfund Payable		10,567
Undistributed Monies		179,725
Total Liabilities		$ 190,292
NET POSITION:		
Held in Trust for Scholarships	3,890,700	
Total Net Position	$ 3,890,700	

The notes to the basic financial statements are an integral part of this statement.

Greenfield Exempted Village School District

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Gifts and Contributions	$ 55,900
Investment Earnings	84,874
Increase in Fair Value of Investments	182,940
Total Additions	323,714
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	84,750
Change in Net Position	238,964
Net Position Beginning of Year	3,651,736
Net Position End of Year	$ 3,890,700

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greenfield Exempted Village Schools (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 statute and/or federal guidelines.

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 76 square miles. It is located in Highland, Ross and Fayette Counties, and includes the Villages of Greenfield, South Salem and Rainsboro. It is staffed by 98 classified employees and 136 certificated employees who provide services to 1,834 students and other community members. The School District currently operates seven instructional buildings, one administrative/instructional building, four modular/administrative instructional buildings and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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 Greenfield Exempted Village 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. The School District has no component units.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

* Boosters Clubs
* Parent Teacher Organizations

The School District is associated with two organizations which are defined as jointly governed organizations and one as a claims servicing pool. These organizations are the Metropolitan Educational Technology Association (META), the Great Oaks Institute of Technology and the Ohio Schools Benefits Cooperative. These organizations are presented in Notes 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting

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

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.

The statement of net position presents the financial condition of governmental activities of the School District at 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. 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

During the 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Capital Projects

The Capital Projects fund is used to account for intergovernmental monies and transfers in used for major construction projects.

Title I Fund

The Title I fund is used to provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children. Included are the Even Start and Comprehensive School Reform programs. The major source of revenue for this fund is grant monies received from federal sources.

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund is used for employee excess costs not covered by Medical Mutual.

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. The School District's fiduciary funds are agency funds and private purpose trust 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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's agency funds are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds are used to maintain the financial activity of the School District's Scholarship Funds.

Measurement Focus

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Measurement Focus (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, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities, the recording of net pension/OPEB liabilities, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and “available” means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for the unamortized portion of the net loss on refunding of bonds as of June 30, 2018 and for pensions and other postemployment benefits. The deferred outflows of resources related to the pension are explained in Note 10. The deferred outflows of resources related to OPEB are explained in Note 11. The School District also reports a deferred inflow of resources which represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes, interest and grants which are not collected in the available period and pensions and OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, interest receipts and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and OPEB are only reported on the Statement of Net Position.

Expenses/Expenditures

On the accrual basis of accounting, 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, except for (1) principal and interest on general long-term debt, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash, Cash Equivalents, and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, except for a portion of the Private Purpose Trust Fund which are reported separately as investments, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as Equity in Pooled Cash, Cash Equivalents and Investments on the financial statements.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million. All accounts of the participant will be combined for these purposes.

Investments of the 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 and investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2018 amounted to $187,948 for the General Fund and $84,874 for the Private Purpose Trust Fund.

E. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

All reported capital assets, except land and construction in progress, 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	Estimated Lives
Land Improvements	10-25 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Balances

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

G. Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. The School District reported no matured compensated absences payable as of June 30, 2018.

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and proprietary fund statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, special termination benefits, and the net pension/OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds are recognized as a liability on the government-wide financial statements when due.

I. 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 are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Balance (continued)

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 or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

K. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their 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. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors.

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

The government-wide statement of net position reports $3,266,150 in restricted net position, none of which is restricted by enabling legislation.

L. Interfund Transactions

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/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.

N. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services to the various funds to cover the costs of the self insurance program. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund.

NOTE 3 – ACCOUNTABILITY

At June 30, 2018, the Pre-School Grant, Career Development, Preschool and Federal Programs had fund balance deficits of $2,395, $9,912, $156, and $11,518, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) presented for the General Fund and Title I Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis); and

4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and the Title I Fund:

Net Change in Fund Balance

	General	Title I
GAAP Basis	$ 1,156,185	$ (44,872)
Revenue Accruals	3,531,290	283,456
Expenditure Accruals	(4,527,357)	(939,637)
Perspective Difference: Activity of Funds Reclassified for GAAP Reporting Purposes	21,868	-
Encumbrances	(875,181)	(5,206)
Budget Basis	$ (693,195)	$ (706,259)

Beginning fund balances and prior year encumbrances appropriated were restated by $371,276 on the General Fund budgeted statement due to previously overreported outstanding encumbrances.

NOTE 5 - 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 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 monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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, and Government National Mortgage 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 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 the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $7,865,405 of the School District's bank balance of $15,900,077 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments At fiscal year end, the School District had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years) <1 Year	1-2 Years	2-5 Years
Federal Home Loan Bank Bonds	$ 2,594,154	$ 1,982,760	$ -	$ 611,394
Federal National Mortgage Association Bonds	988,830	988,830	-	-
STAROhio	4,054,520	4,054,520	-	-
Common Stocks	2,323,099	2,323,099	-	-
Total	$ 9,960,603	$ 9,349,209	$ -	$ 611,394

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2018. As discussed further in Note 2D, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment to five years, unless matched to a specific obligation.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to stocks, Certificates of Deposit, STAROhio, and government agency securities. The common stock was not rated. Investments in Federal Home Loan Bank Bonds and Federal National Mortgage Association Bonds were rated AA+ by Standard & Poor's. STAROhio was rated AAAm by Standard & Poor's. The School District's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 23.3% of the School District's investments are in common stocks, 40.7% are in STAROhio, 26.1% are in Federal Home Loan Bank Bonds, and 9.9% are in Federal National Mortgage Association Bonds. The School District investment policy allows for a maximum of 25% of interim funds to be invested in either, or a combined total of, certain commercial paper or certain bankers acceptances. There are no further restrictions on the amounts the School District may invest in a single issuer beyond the requirements of the Ohio Revised Code.

Custodial credit risk - 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. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

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 a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected in 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which 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	$184,408,820	93.08%	$185,035,200	92.91%
Public Utility	13,705,830	6.92%	14,116,900	7.09%
Total Assessed Value	$198,114,650	100.00%	$199,152,100	100.00%
Tax rate per $1,000 of assessed valuation	$23.95		$23.95	

NOTE 6 - PROPERTY TAXES (continued)

The School District receives property taxes from Fayette, Highland and Ross Counties. 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 to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became 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 amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2018, was $298,834 in the General Fund, $5,425 in the Classroom Facilities Non-major Special Revenue Fund, and $11,155 in the Non-major Debt Service Fund.

NOTE 7 - CAPITAL ASSETS

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

	Ending Balance 6/30/2017	Additions	Deletions	Ending Balance 6/30/2018
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 54,539	$ -	$ -	$ 54,539
CIP	-	337,726	-	337,726
Total Capital Assets, Not Being Depreciated	54,539	337,726	-	392,265
Capital Assets Being Depreciated				
Land Improvements	885,711	5,440	-	891,151
Buildings and Improvements	35,654,774	294,959	-	35,949,733
Furniture and Equipment	3,185,666	691,940	-	3,877,606
Vehicles	2,495,239	-	-	2,495,239
Total Capital Assets Being Depreciated	42,221,390	992,339	-	43,213,729
Less: Accumulated Depreciation:				
Land Improvements	(543,990)	(25,430)	-	(569,420)
Buildings and Improvements	(15,968,620)	(805,500)	-	(16,774,120)
Furniture and Equipment	(2,676,826)	(252,788)	-	(2,929,614)
Vehicles	(1,334,025)	(52,781)	-	(1,386,806)
Total Accumulated Depreciation	(20,523,461)	(1,136,499)	-	(21,659,960)
Total Capital Assets Being Depreciated, Net	21,697,929	(144,160)	-	21,553,769
Governmental Capital Assets, Net	$ 21,752,468	$ 193,566	$ -	$ 21,946,034

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	$860,727
Vocational Instruction	7,904
Support Services:	
Administration	2,027
Pupil Transportation	86,091
Operation and Maintenance of Plant	160,053
Operation of Non-Instructional Services	13,728
Extracurricular Activities	5,969
Total Depreciation Expense	$1,136,499

NOTE 8 - RECEIVABLES

Receivables at June 30, 2018, consisted of taxes, interest, interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Major Funds:	Amount
General	$ 96,948
Title I	581,618
Non-Major Funds:	
Public Preschool	320,000
Career Development	8,696
Title VI	307,329
Preschool	10,717
Title II-A Supporting Effective Instruction	129,713
Total Non-Major Funds	776,455
Total All Funds/Governmental Activities	$ 1,455,021

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Liberty Mutual for professional and general liability insurance, fleet insurance and property insurance. Coverages provided are as follows:

Building and Contents-replacement cost ($2,500 deductible)	$71,606,320
Inland Marine Coverage ($1,000 deductible)	1,250,000
Boiler & Machinery ($1,000 deductible)	No Limit
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
General Aggregate	2,000,000

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

NOTE 9 - RISK MANAGEMENT (continued)

The School District contracted with Medical Mutual to provide medical/surgical and prescription insurance coverage to its employees and their families. The School District self-insures employee excess costs not covered by Medical Mutual through a self-insurance internal service fund. The claims liability of $25,367 reported in the Internal Service fund at June 30, 2018 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	$ 25,812	$ 142,777	$ 146,370	$ 22,219
2018	22,219	185,288	182,140	25,367

NOTE 10 - 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.

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 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability (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 in included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 13.5% was designated to pension, death benefits, and Medicare B. There was 0.5% allocated to the Health Care Fund for fiscal year 2018.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

The School District's contractually required contribution to SERS was $412,088 for fiscal year 2018. Of this amount $27,533 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until Aug. 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% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% 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.

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

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 10 years of qualifying service credit to 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll effective July 1, 2016. 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 Ohio was $1,273,440 for fiscal year 2018. Of this amount $229,620 is reported as an intergovernmental payable.

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

The net pension liability reported as of June 30, 2018 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 as well as the pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.09252480%	0.07907064%	
Proportionate Share of the Net Pension Liability - Prior Year	0.09311990%	0.07793438%	
Change in Proportionate Share	-0.0005951%	0.00113626%	
Proportion of the Net Pension Liability	$5,528,152	$18,783,400	$24,311,552
Pension Expense (Gain)	($116,100)	($7,038,312)	($7,154,412)

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$237,913	$725,326	$963,239
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	204,921	667,085	872,006
Changes of assumptions	285,865	4,108,136	4,394,001
School District contributions subsequent to the measurement date	412,088	1,273,440	1,685,528
Total	$1,140,787	$6,773,987	$7,914,774

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$0	$151,387	$151,387
Differences between projected and actual investment earnings	26,241	619,874	646,115
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	31,853	25,486	57,339
Total	$58,094	$796,747	$854,841

$1,685,528 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	$315,344	$1,080,571	$1,395,915
2020	409,430	1,949,300	2,358,730
2021	74,703	1,278,975	1,353,678
2022	(128,872)	394,954	266,082
Total	$670,605	$4,703,800	$5,374,405

NOTE 10 - 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:

Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Inflation	3.00 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, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five-year period ended June 30, 2015.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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 Estate	15.00	5.00
Multi-Asset Strategy	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	$7,671,639	$5,528,152	$3,732,545

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	0% 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 paid on the fifth anniversary of retirement date.
Payroll Increases	3.00%	3.50%

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

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.

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 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 annualized 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The discount rated used to measure the total pension liability was 7.75% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

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	$26,925,365	$18,783,400	$11,925,015

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2018, none of the School District's members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - 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.

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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

School Employees Retirement System

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.

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 $50,359.

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 $66,138 for fiscal year 2018.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to 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	0.09413930%	0.07793438%	
Proportion of the Net OPEB Liability Current Measurement Date	0.09383500%	0.07907064%	
Change in Proportionate Share	-0.00030430%	0.00113626%	
Proportionate Share of the Net OPEB Liability	$2,518,285	$3,085,045	$5,603,330
OPEB Expense (Gain)	$137,837	($932,708)	($794,871)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ -	$ 178,088	$ 178,088
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	-	52,086	52,086
School District contributions subsequent to the measurement date	66,138	-	66,138
Total	$ 66,138	$ 230,174	$ 296,312

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between projected and actual investment earnings	$ 6,650	$ 131,862	$ 138,512
Changes of assumptions	238,972	248,510	487,482
Difference from a change in proportion and differences between School District contribtuions and proportionate share of contributions	6,367	-	6,367
Total	$ 251,989	$ 380,372	$ 632,361

$66,138 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	($90,554)	($36,021)	($126,575)
2020	(90,554)	(36,021)	(126,575)
2021	(69,220)	(36,021)	(105,241)
2022	(1,661)	(36,023)	(37,684)
2023	0	(3,056)	(3,056)
Thereafter	0	(3,056)	(3,056)
Total	($251,989)	($150,198)	($402,187)

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.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (continued)

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

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

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

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

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

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

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 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (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	$3,041,150	$2,518,285	$2,104,042

	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	$2,043,399	$2,518,285	$3,146,804

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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.

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:

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

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

Sensitivity of the 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.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$4,141,623	$3,085,045	$2,250,003

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,143,357	$3,085,045	$4,324,416

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for all personnel.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through AIG.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/2017*	Additions	Deletions	Principal Outstanding 6/30/2018	Due in One Year
2010 Refunding Bonds					
2.00%-4.00%	$ 955,000	$ -	$ 255,000	$ 700,000	$ 260,000
Premium	21,977	-	7,341	14,636	-
Net Pension Liability:					
STRS	26,086,988	-	7,303,588	18,783,400	-
SERS	6,815,517	-	1,287,365	5,528,152	-
Total Net Pension Liability	32,902,505	-	8,590,953	24,311,552	-
Net OPEB Liability:					
STRS	4,167,951	-	1,082,906	3,085,045	-
SERS	2,683,319	-	165,034	2,518,285	-
Total Net OPEB Liability	6,851,270	-	1,247,940	5,603,330	-
Compensated Absences	1,446,338	1,320,155	1,234,686	1,531,807	40,676
Total Long-Term Liabilities	$ 42,177,090	$ 1,320,155	$ 11,335,920	$ 32,161,325	$ 300,676

*Restated

On June 8, 2010, the School District issued $1,464,998 in refunding bonds for the purpose of repaying a portion of the classroom facilities improvement bonds issued in 1998. The refunding bonds consisted of $1,110,100 in current interest bonds and $354,998 in capital appreciation bonds. The interest bonds were issued for a ten year period with a final maturity in December 2020. These bonds are and will be repaid from the debt service fund.

The unamortized portion of the net loss on the refunding of the bonds of $3,944 is recorded as a deferred outflow of resources on the Statement of Net Position.

The School District has been notified by the Ohio School Facilities Commission that they will not be responsible for repaying the $19,699,000 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires in December 2020. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

NOTE 13 - LONG-TERM LIABILITIES (continued)

Compensated absences will be paid from the fund from which the employees' salaries are paid, with the General Fund being the most significant fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. The School District's overall legal debt margin was $17,218,643 with an unvoted debt margin of $199,096 at June 30, 2018.

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

Fiscal Year Ending June 30,	2010 Refunding Bonds Principal	Interest	Total
2019	$ 260,000	$ 21,156	$ 281,156
2020	265,000	11,803	276,803
2021	175,000	3,500	178,500
Totals	$700,000	$36,459	$736,459

NOTE 14 - INTERFUND ACTIVITY

Interfund Payables/Receivables

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

	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	$ 6,476,049	$ -
Capital Projects	-	2,248,653
Title I	-	1,537,313
Special Revenue Funds, Non-Major:		
District Managed Activities	-	5,063
Public Preschool	-	639,999
School Net	-	95
5th Quarter Ag Grant	-	8,696
Title VI B	-	823,783
IDEA Preschool	-	21,448
Improving Teacher Quality	-	234,063
Federal Programs	-	146,369
Total Special Revenue Funds, Non-Major	-	1,879,516
Capital Projects Funds, Non-Major:		
Permanent Improvement	-	800,000
Total Capital Projects Funds, Non-Major	-	800,000
Agency Fund	-	10,567
Totals	$ 6,476,049	$ 6,476,049

During the year, the School District's General fund made advances to other funds in anticipation of intergovernmental grant revenue and for future cash flow needs of such funds.

NOTE 14 - INTERFUND ACTIVITY (continued)

Interfund Transfers

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

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

	Transfer From	Transfer To
Major Funds:		
General Fund	$ 931,119	$ -
Capital Projects	-	400,000
Non-Major Capital Projects Fund:		
Permanent Improvement	-	300,000
Non-Major Special Revenue Fund:		
Athletics	-	210,000
Healthier Ohio Buckeye Grant	-	21,119
Total Non-Major Funds	-	531,119
Total All Funds	$ 931,119	$ 931,119

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META $214,408 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Great Oaks Institute of Technology - The Great Oaks Institute of Technology is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts elected boards, which possesses its own budgetary and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology, at 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

NOTE 16- CLAIMS SERVICING POOL

Ohio School Benefits Cooperative- The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of thirty-four members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

NOTE 16- CLAIMS SERVICING POOL (continued)

Participants pay a $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. During fiscal year 2018, the School District elected to participate in the joint insurance purchasing program for medical, prescription drug, dental and vision coverage.

Accordingly, the Ohio School Benefits Cooperative is not part of the School District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Muskingum Valley Educational Service Center, Christine Wagner, who serves as Treasurer, at 205 North 7th Street, Zanesville, Ohio 43701.

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-Aside Balance as of June 30, 2017	$ -
Current Year Set-Aside Requirement	339,478
Current Year Offsets	(339,478)
Set-Aside Balance as of June 30, 2018	$ -

The School District had offsets during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserves. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $382,155 at June 30, 2018.

NOTE 18 - 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any legal proceedings.

NOTE 18 – CONTINGENCIES (continued)

C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to or liability of, the School District.

NOTE 19 – INCOME TAX

The School District levies a voted tax of one and one-quarter percent for general operations on the income of residents and of estates. The School District passed a one and one-quarter percent earned income tax effective January 1, 2009 and it is on a continuous basis. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 20 – NEW ACCOUNTING PRINCIPLES / RESTATEMENT OF BEGINNING NET POSITION

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73,* and GASB Statement No. 85, *Omnibus 2017*.

GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting requirements for governmental employers who have other post-employment benefits (OPEB) plans. The implementation of GASB Statement No. 75 had the following effect on the financial statements of the School District and certain additional disclosures have been made in the notes to the basic financial statements.

Net position, July 1, 2017-As previously stated	$14,700,076
School District Share of Beginning Plan Net OPEB Liability	(6,851,270)
School District Share of 2017 Employer Contributions	50,882
Net position, July 1, 2017-As restated	$7,899,688

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. GASB Statement No. 82 did not have an effect on the financial statements of the School District.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 did not have an effect on the financial statements of the School District.

NOTE 21 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Capital Projects	Title I	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaids	$ 80,943	$ -	$ -	$ 4,257	$ 85,200
Restricted for					
Food Service Operations	-	-	-	518,635	518,635
Classroom Facilities Maintenance	-	-	-	1,150,320	1,150,320
Other Purposes	-	-	-	92,287	92,287
Athletics	-	-	-	120,167	120,167
Title I	-	-	12,766	-	12,766
Capital Projects	-	-	-	51,152	51,152
Debt Services Payments	-	-	-	1,317,552	1,317,552
Total Restricted	-	-	12,766	3,250,113	3,262,879
Committed to					
Other Purposes	15,000	-	-	-	15,000
Termination Benefits	255,429	-	-	-	255,429
Total Committed	270,429	-	-	-	270,429
Assigned to					
Capital Outlay	-	1,299,198	-	1,595,896	2,895,094
Other Purposes	428,581	-	-	-	428,581
FY19 Appropriations	885,226	-	-	-	885,226
Encumbrances	984,757	-	-	-	984,757
Total Assigned	2,298,564	1,299,198	-	1,595,896	5,193,658
Unassigned (Deficit)	10,847,269	-	-	(23,981)	10,823,288
Total Fund Balances	$ 13,497,205	$ 1,299,198	$ 12,766	$ 4,826,285	$ 19,635,454

NOTE 22 – COMPLIANCE

The School District did not properly close certain outstanding encumbrances as of year-end, which is contrary to Ohio Revised Code Section 5705.41(D).

NOTE 23 – COMMITMENTS

Encumbrances

At June 30, 2018, the School District had significant encumbrance commitments in governmental funds as follows:

Fund	Amount
Major Funds:	
General	$984,757
Capital Projects	584,197
Non-Major Capital Project Fund:	
Permanent Improvement	111,573
Non-Major Special Revenue Funds:	
Food Service	87,204
Classroom Facilities Maintenance	106,327
Total Non-Major Special Revenue Funds	193,531
Total Encumbrances	$1,874,058

Greenfield Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Five Years (1)

	2018	2017	2016	2015	2014
Total plan pension liability	$ 19,588,417,687	$ 19,770,708,121	$ 18,503,280,961	$ 17,881,827,171	$ 17,247,161,078
Plan net position	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.0925248%	0.0931199%	0.0900596%	0.0841600%	0.0841600%
School District's proportionate share of the net pension liability	$ 5,528,152	$ 6,815,517	$ 5,138,888	$ 4,259,290	$ 5,004,725
School District's covered-employee payroll	$ 2,963,657	$ 2,779,493	$ 2,711,184	$ 2,445,519	$ 2,714,386
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.53%	245.21%	189.54%	174.17%	184.38%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Five Years

	2018	2017	2016	2015	2014
Total plan pension liability	$ 96,126,440,462	$ 100,756,422,489	$ 99,014,653,744	$ 96,167,057,104	$ 94,366,693,720
Plan net position	72,371,226,119	67,283,408,184	71,377,578,736	71,843,596,331	65,392,746,348
Net pension liability	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.07907064%	0.07793438%	0.07773338%	0.07484572%	0.07484572%
School District's proportionate share of the net pension liability	$ 18,783,400	$ 26,086,986	$ 21,483,233	$ 18,205,069	$ 21,685,760
School District's covered-employee payroll	$ 8,617,286	$ 8,175,086	$ 8,110,179	$ 7,647,400	$ 8,323,254
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217.97%	319.10%	264.89%	238.06%	260.54%
Plan fiduciary net position as a percentage of the total pension liability	75.29%	66.80%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.

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

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 412,088	$ 414,912	$ 389,129	$ 357,334	$ 338,949	$ 375,671	$ 176,353	$ 302,865	$ 355,944	$ 206,735
Contributions in relation to the contractually required contribution	(412,088)	(414,912)	(389,129)	(357,334)	(338,949)	(375,671)	(176,353)	(302,865)	(355,944)	(206,735)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 3,052,504	$ 2,963,657	$ 2,779,493	$ 2,711,184	$ 2,445,519	$ 2,714,386	$ 1,311,175	$ 2,409,427	$ 2,628,833	$ 2,100,965
Contributions as a percentage of covered employee payroll	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Contractually required contribution	$ 1,273,440	$ 1,206,420	$ 1,144,512	$ 1,135,425	$ 994,162	$ 1,082,023	$ 1,052,354	$ 1,034,131	$ 1,097,382	$ 971,679
Contributions in relation to the contractually required contribution	(1,273,440)	(1,206,420)	(1,144,512)	(1,135,425)	(994,162)	(1,082,023)	(1,052,354)	(1,034,131)	(1,097,382)	(971,679)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered-employee payroll	$ 9,096,000	$ 8,617,286	$ 8,175,086	$ 8,110,179	$ 7,647,400	$ 8,323,254	$ 8,095,031	$ 7,954,854	$ 8,441,400	$ 7,474,454
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Two Years

	2018	2017
Total plan OPEB liability	$ 3,065,846,821	$ 3,220,574,434
Plan net position	382,109,560	370,204,515
Net OPEB liability	2,683,737,261	2,850,369,919
School District's proportion of the net OPEB liability	0.0938350%	0.0941393%
School District's proportionate share of the net OPEB liability	$ 2,518,285	$ 2,683,319
School District's covered-employee payroll	$ 2,963,657	$ 2,779,493
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	84.97%	96.54%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

Last Two Years

	2018	2017
Total plan OPEB liability	$ 7,377,410,000	$ 8,533,654,000
Plan net position	3,475,779,000	3,185,628,000
Net OPEB liability	3,901,631,000	5,348,026,000
School District's proportion of the net OPEB liability	0.07907064%	0.07793438%
School District's proportionate share of the net OPEB liability	$ 3,085,045	$ 4,167,951
School District's covered-employee payroll	$ 8,617,286	$ 8,175,086
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	35.80%	50.98%
Plan fiduciary net position as a percentage of the total OPEB liability	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District
Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio
Last Three Years

	2018	2017	2016
Contractually required contribution	$ 66,138	$ 50,882	$ 46,659
Contributions in relation to the contractually required contribution (2)	(66,138)	(50,882)	(46,659)
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered-employee payroll	$ 3,052,504	$ 2,963,657	$ 2,779,493
Contributions as a percentage of covered employee payroll	2.17%	1.72%	1.68%

(1) Information prior to 2016 is not available.
(2) Includes Surcharge.

See notes to accompanying required supplementary information.

Greenfield Exempted Village School District

Required Supplementary Information

Schedule of School District OPEB Contributions

State Teachers Retirement System of Ohio

Last Three Years

	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
School District covered-employee payroll	$ 9,096,000	$ 8,617,286	$ 8,175,086
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See notes to accompanying required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

OPEB

Changes in benefit terms

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability 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 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

School Employees Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

Changes in assumptions

There were no changes in assumptions since the prior measurement date.

OPEB

Changes in benefit terms

There were no changes in benefit terms since the prior measurement date.

Changes in assumptions

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

Greenfield Exempted Village School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
United States Department of Agriculture			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	3L60	N/A	$49,741
Cash Assistance:			
School Breakfast Program	3L70	10.553	182,612
National School Lunch Program	3L60	10.555	429,038
Total Child Nutrition Cluster			661,391
Child Nutrition Discretionary Grants Limited Availability	3GF0	10.579	58,856
Team Nutrition Grants	3L70	10.574	35,000
Total United States Department of Agriculture			**755,247**
United States Department of Education			
Passed through the Ohio Department of Education			
Special Education Cluster:			
Special Education-Grants to States-2017	3M20	84.027	33,180
Special Education-Grants to States-2018	3M20	84.027	372,371
Special Education Preschool Grants	3C50	84.173	10,717
Total Special Education Cluster			416,268
Title I School Improvement Sub-A Grant-2017	3M00	84.010	6,566
Title I Grants to Local Educational Agencies-2017	3M00	84.010	58,282
Title I Grants to Local Educational Agencies-2018	3M00	84.010	750,813
Total Title I			815,661
Rural Education-2017	3Y80	84.358	6,818
Rural Education-2018	3Y80	84.358	39,067
Total Rural Education			45,885
Supporting Effective Instruction State Grants-2017	3Y60	84.367	9,373
Supporting Effective Instruction State Grants-2018	3Y60	84.367	97,059
Total Supporting Effective Instruction State Grants			106,432
Student Support and Academic Enrichment Program	3HI0	84.424	16,458
Passed through Great Oaks Vocational School District			
Career and Technical Education-Basic Grants to States	N/A	84.048	4,000
Total United States Department of Education			**1,404,704**
Total Federal Financial Assistance			**$2,159,951**

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

NOTE A – PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the schedule) includes the federal award activity of Greenfield Exempted Village School District (the School 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 School District, it is not intended to and does not present the financial position, changes in net position, or, where applicable, cash flows of the School 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

The School District reports commodities consumed on the schedule at the fair value. The School District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greenfield Exempted Village School District, Highland County, Ohio (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 11, 2019, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and restated beginning net position as a result of this implementation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-002.

The School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 11, 2019

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
Greenfield Exempted Village School District
200 North Fifth Street
Greenfield, Ohio 45123

Report on Compliance for Each Major Federal Program

We have audited Greenfield Exempted Village School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2018. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Millhuff-Stang CPA, Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

March 11, 2019

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?		Yes
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Title I Grants to Local Educational Agencies (CFDA #84.010); Special Education Cluster (CFDA #84.027 and #84.173)
Dollar threshold used to distinguish between type A and type B programs:		Type A > $750,000 Type B – all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2018-001 – Material Weakness – Financial and Federal Schedule Reporting

A monitoring system by the School District should be in place to prevent or detect misstatements for the accurate presentation of the financial statements and schedule of federal awards expenditures. Errors in deferred inflows were identified related to net pension liability reporting. We have also identified misclassified fund balances. In addition, the School District did not present notes to the required supplementary information as required by GASB 68 and 75. Lastly, we noted the schedule of federal awards expenditures did not properly report program clusters. The School District should implement procedures to ensure the financial statements, schedule of federal awards expenditures, and disclosures are accurate and complete.

Client response:
See accompanying corrective action plan.

Finding 2018-002 – Material Weakness/Noncompliance – Outstanding Encumbrances

Ohio Revised Code Section 5705.41(D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

Finding 2018-002 – Material Weakness/Noncompliance – Outstanding Encumbrances (Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution

Amounts of less than $100 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The School District had numerous purchase orders, including several super blanket certificates, from 2018 and for years prior, still open at year end. Many of these were for vendors for which payments had already been satisfied in full. In addition, some balances of super blanket certificates were significantly higher than necessary to cover annual costs for recurring, reasonably predictable expenses. As a result of these old balances and large unspent balances, assigned fund balance was materially misclassified and budgetary expenditures on the budgetary statement for the General Fund were materially misstated.

The School District should implement budgetary monitoring procedures to ensure that unnecessary purchase orders are closed at year. Additionally, amounts established for blanket and super blanket certificates should be reasonable for monthly, quarterly, or annual obligations and remaining balances should be monitored throughout the year and cancelled if deemed appropriate.

Client response:
See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Discussed these errors with the consultant for consideration in future compilation engagements.	No dated identified.	Joe Smith, Treasurer
2018-002	We are closing outstanding purchase orders.	March 19, 2019	Joe Smith, Treasurer

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
Finding 2017-001	Material Weakness – Budget to Accounting System	Yes	
Finding 2017-002	Material Noncompliance – Ohio Revised Code Section 5705.41(B) – Expenditures in Excess of Appropriations	Yes	
Finding 2017-003	Material Weakness – Financial Reporting	No	Reissued as Finding 2018-001.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

GREENFIELD EXEMPTED VILLAGE SCHOOL DISTRICT

HIGHLAND 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
APRIL 23, 2019