REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
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INDEPENDENT AUDITOR'S REPORT

Revere Local School District
Summit County
3496 Everett Road
Richfield, Ohio 44286

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

January 23, 2019

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased $21,889,263, which represents an 81 percent increase from 2017.
- Capital assets increased $2,880,850 during fiscal year 2018 due to additional construction in progress for Bath Elementary School, the High School and the bus garage.
- During the year, outstanding debt decreased $3,051,668 due to the principal payments made by the School District. The School District issued $50,218,332 in refunding bonds during fiscal year 2018.
- The School District implemented GASB 75, which decreased beginning net position as previously reported by $11,804,668.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and non-instructional services, e.g., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 19. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement fund and the building 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its vision insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 24.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 27 and 28. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that 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	Restated 2017
Assets		
Current and Other Assets	$ 134,192,209	$ 138,576,221
Capital Assets	16,001,848	13,120,998
Total Assets	150,194,057	151,697,219
Deferred Outflows of Resources		
Pension & OPEB	13,940,969	10,723,317
Deferred Charges on Refunding	1,327,035	0
Total Deferred Inflows of Resources	15,268,004	10,723,317
Liabilities		
Current & Other Liabilities	6,573,247	4,613,257
Long-Term Liabilities		
Due Within One Year	4,303,507	3,612,799
Due in More Than One Year		
Pension & OPEB	52,718,894	70,494,688
Other Amounts	73,113,663	77,111,354
Total Liabilities	136,709,311	155,832,098
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	30,077,264	32,140,432
Revenue in Lieu of Taxes for the Next Year	192,994	391,679
Pension & OPEB	3,541,869	1,004,967
Total Deferred Inflows of Resources	33,812,127	33,537,078
Net Position		
Net Investment in Capital Assets	17,758,598	13,096,998
Restricted	10,611,190	6,417,973
Unrestricted	(33,429,165)	(46,463,611)
Total Net Position	$ (5,059,377)	$ (26,948,640)

The net pension liability (NPL) is one of the largest liabilities 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 OBEP 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 a deficit of $15,143,972 to a deficit of $26,948,640.

At year end, capital assets represented 11 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets was $17,758,598 at June 30, 2018. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $10,611,190, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of $5,059,377, which is primarily caused by the implementation of GASB 68 and 75.

Net position was reclassified between categories to remain consistent with current year.

The decrease in current and other assets was primarily due to a decrease in cash and investments. This decrease was caused by the use of bond proceeds for the School District's ongoing construction projects. This also caused an increase in construction in progress and contracts payable.

There was also decrease in long term liabilities, an increase in deferred inflows of resources and an increase in deferred outflows of resources for pension and OPEB that were caused by changes related to net pension and OPEB liability during 2018. The combined decrease in net pension and OPEB liabilities of $17,775,794 is caused by a change in benefit terms by STRS that adjusted the cost-of-living adjustment to zero, which contributed to the increase in net position compared to 2017.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 1,906,854	$ 1,635,790
Operating Grants	1,498,619	1,631,391
Capital Grants	1,188,879	66,416
Total Program Revenues	4,594,352	3,333,597
General Revenues:		
Property Taxes	34,560,568	28,658,890
Revenue in Lieu of Taxes	215,185	651,039
Grants and Entitlements Not Restricted	5,894,091	5,893,188
Other	175,613	240,714
Total General Revenues	40,845,457	35,443,831
Total Revenues	45,439,809	38,777,428
Program Expenses		
Instruction:		
Regular	5,183,911	17,282,780
Special	2,898,658	5,233,216
Vocational	112,440	285,249
Adult Education	973	0
Student Intervention Services	60,574	261,505
Other	4,671	19,197
Support Services:		
Pupils	898,242	1,888,276
Instructional Staff	1,308,417	3,516,943
Board of Education	312,316	277,168
Administration	1,226,291	2,632,224
Fiscal	1,225,256	1,313,031
Business	55,734	34,965
Operation and Maintenance of Plant	3,122,165	3,598,126
Pupil Transportation	2,139,785	2,411,169
Central	305,063	304,763
Operation of Non-Instructional Services:		
Food Service Operations	874,555	942,740
Community Services	53,982	341,490
Extracurricular Activities	829,759	1,397,326
Debt Service:		
Interest and Fiscal Charges	2,937,754	1,161,189
Total Expenses	23,550,546	42,901,357
Increase (Decrease) in Net Position	21,889,263	(4,123,929)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $61,607 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of ($1,564,677). Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	$	23,550,546
Negative OPEB Expense under GASB 75		1,564,677
2018 Contractually Required Contribution		86,621
Adjusted 2018 Program Expenses		25,201,844
Total 2017 Program Expenses under GASB 45		42,901,357
Decrease in Program Expenses not Related to OPEB	$	(17,699,513)

Charges for services saw an increase that was primarily due to increased tuition revenue received for open enrollment and kindergarten. The increase in capital grants was due to an increase in interest revenue received on the unspent debt proceeds. Property tax revenue increased due to the new tax levy that was passed in November 2016.

The decrease in expenses throughout the School District was caused by decreases in net pension liability as discussed earlier. Interest expense increased due to the increase in long-term debt liability.

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

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Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2018	2017	2018	2017
Instruction:				
Regular	$ 5,183,911	$ 17,282,780	$ 4,429,188	$ 16,622,816
Special	2,898,658	5,233,216	2,264,970	4,663,169
Vocational	112,440	285,249	110,617	285,249
Adult Education	973	0	973	0
Student Intervention Services	60,574	261,505	(84,338)	69,517
Other	4,671	19,197	4,671	19,197
Support Services:				
Pupils	898,242	1,888,276	729,359	1,749,158
Instructional Staff	1,308,417	3,516,943	1,278,783	3,515,746
Board of Education	312,316	277,168	312,316	277,168
Administration	1,226,291	2,632,224	1,180,806	2,583,339
Fiscal	1,225,256	1,313,031	1,225,256	1,313,031
Business	55,734	34,965	55,734	34,965
Operation and Maintenance of Plant	3,122,165	3,598,126	1,926,086	3,524,510
Pupil Transportation	2,139,785	2,411,169	2,050,572	2,411,169
Central	305,063	304,763	305,063	304,763
Operation of Non-Instructional Services:				
Food Service Operations	874,555	942,740	56,269	177,330
Community Services	53,982	341,490	53,912	(31,835)
Extracurricular Activities	829,759	1,397,326	273,064	1,041,643
Debt Service:				
Interest and Fiscal Charges	2,937,754	1,161,189	2,782,893	1,006,825
Total Expenses	$ 23,550,546	$ 42,901,357	$ 18,956,194	$ 39,567,760

The dependence upon general revenues for governmental activities is apparent. Almost 80 percent of governmental activities are supported through taxes and other general revenues; such revenues are 90 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balance for the fiscal year was a decrease of $4,082,967 for all governmental funds.

The general fund's net change in fund balance for fiscal year 2018 was an increase of $1,032,477. Property tax revenue increased due to the new tax levy that was passed in November 2016.

The bond retirement fund's net change in fund balance for fiscal year 2018 was a decrease of $3,179,428. This was caused by principal payments made on the School District's long term liabilities for debt and a required payment of $1,500,000 to a bond escrow fund as part of the debt refunding transaction during the year.

The building fund's net change in fund balance for fiscal year 2018 was a decrease of $2,118,383. This was caused by spending down the debt proceeds received in a previous year for the renovation of Bath Elementary School and construction of a new High School and bus garage.

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.

The School District uses site-based budgeting. Budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue and other financing sources of $36,652,856 was $2,826,650 lower than the final budget basis revenue of $39,479,506. This was primarily caused by an overestimation of property tax revenue during the fiscal year.

Final budget revenues and other financing sources were $1,389,024 higher than original budget revenues and other financing sources. This was primarily caused by an underestimation of property tax revenue due in the original budget.

Final expenditure appropriations of $38,062,823 were $1,569,507 higher than the actual expenditures and other financing uses of $36,493,316, as cost savings were recognized throughout the year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $16,001,848 invested in capital assets. Table 4 shows fiscal year 2018 balances compared with 2017.

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

	Governmental Activities	
	2018	2017
Land	$ 1,312,709	$ 1,001,740
Construction in Progress	3,176,346	24,000
Land Improvements	1,607,043	1,760,638
Buildings and Improvements	7,685,668	8,227,297
Furniture and Equipment	353,775	408,223
Vehicles	1,866,307	1,699,100
Totals	$ 16,001,848	$ 13,120,998

The $2,880,850 increase in capital assets was attributable additional construction in progress for Bath Elementary School, the High School and the bus garage which exceeded current depreciation and disposals. See Note 8 for more information about the capital assets of the School District.

Debt

At June 30, 2018, the School District had $68,074,100 in debt outstanding. See Note 13 for additional details. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
2011 Energy Conservation Improvement Bond	$ 3,225,768	$ 3,225,768
2017 General Obligation Bonds	14,630,000	67,900,000
2017 Refunding Bond	49,415,000	0
Capital Appreciation Bonds	803,332	0
Total	$ 68,074,100	$ 71,125,768

In December 2017 the School District issued $50,218,332 in to partially refund certain general obligation bonds. The proceeds of the bonds were used to refund $50,220,000 of the School District's 2017 Series A bonds. The bonds were issued for a 28 year period with final maturity at December 1, 2045.

These refunding bonds were issued with a premium of $5,465,107, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight- line method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of $380,329.

Current Issues

The School District's students continue to achieve at the highest levels academically which is our primary mission. These results are clearly derived from the combined effort of our students, staff, parental support and the community. The students come prepared to learn, the staff is highly qualified and the parents, along with the community, support education.

As stewards of public dollars, the School District's fiscal policy continues to be that of doing more with less by finding creative ways to reduce or contain costs. We have worked to address all expenditures within our control. Some of the key steps taken in this regard include the formation of a health care consortium, implementing a severance incentive plan designed to reduce salary costs, applying technology to reduce operating costs, increasing participation in buying consortiums and exploring opportunities to apply the concept of shared services. In regard to shared services, we have successfully partnered on a wide range of services with our information technology center, NEOnet, including telephony and virtualization of servers. Both of these examples have reduced equipment acquisition, operating costs and maintenance costs.

Since fiscal year 2011 the Board has worked to address the growth of salaries since staffing related costs including benefits are the single largest component of the General Fund budget. For fiscal year 2018 salaries and benefits were 79 percent of expenditures. The School District has successfully addressed salary related costs through its hiring practices, the introduction of a severance incentive program through union negotiations, and by taking advantage of the changes to the State's retirement system which incentivized tenured teachers to retire or accept less attractive retirement terms. With these strategies salaries were close to flat-lined for 7 fiscal years, fiscal year 2009 through fiscal year 2015.

Under the longstanding funding model in the State of Ohio, the School District has been penalized based on high, local property values as measured on a per pupil basis. We have traditionally been defined as a "zero percent" State share district and received State funding on a reduced basis under a formula involving what is called the Funding Guarantee. In other words we do not receive state funding on a per pupil basis in the amount approved by the legislature. This payment under the funding guarantee was capped at a fixed amount and this was put in place to prevent a total loss of funding based on property values which is a key component of the funding formula. Under the funding formula, property values are divided by student enrollment which results in a valuation figure on a per pupil basis.

The School District's valuation per pupil is significantly above the State average and this drives the term "High Wealth District." The assessed property value for taxes paid in current year 2018, the most recent property evaluation number, is $1.014 billion. This represented an increase from $930 million in 2017 due to the Summit County property reappraisal. For fiscal year 2017 our valuation per pupil is $345,772 compared to the State average of $161,040.

The Revere School System continues to receive its primary support from the residents of the School District through local property taxes. In reviewing the School District's ballot activity over the past 15 years, new money was passed by the residents of the School District in August 2001. This levy was in the amount of 6.9 mills, for a fixed term, under a five year emergency levy. That levy generated $4.6 million annually. As an emergency levy, the annual collection remains flat and does not grow as new value is added through new construction. This emergency levy has been renewed 3 times. The last renewal of this levy, with no new taxes, was again before the voters in calendar year 2016 and passed with strong support. Note the levy term was changed to 10 years to reduce ballot related costs and to prevent two levies from coming due in the same year.

Based on the five year forecast the School District had identified the need for new money and weighed that need against the fact that the school system had not previously gone back to the community with a request for new operating money for ten years. Driving this request was the loss of significant State funding, slowed property growth and reduction in property tax values, the expansion of vouchers and charter schools, and inflationary growth impacting the annual budget. The School District was therefore on the ballot for a new 10 year emergency levy with a collection in the amount of $4.76 million annually. This levy equated to 4.83 mills and was supported by our voters in May 2011.

As noted above, the School District has been able to stretch out its levy cycle, the time span between requests for new money, to ten years which is unprecedented based upon the school funding model in Ohio. This was accomplished through effective fiscal management as well as growth in the School District's property tax base. The stated goal of the Board of Education is to stretch the levy cycle; the time elapsed between requests for new money, as long as possible.

In the 2012-2013 school year, all-day kindergarten was implemented with 4 classes on a full day schedule. Under current Ohio law, all-day kindergarten is not required, but remains a local decision. The option of all-day kindergarten has continued to grow in enrollment and for the fiscal year 2017-2018 school year we operated 7 all-day kindergarten classes.

With House Bill 920 (passed in 1976), current levies do not provide inflationary revenue growth as valuation increases, with the exception of the un-voted, inside millage. New construction does represent new value and new revenue, as those properties come onto the tax duplicate. As an example of HB 920, a homeowner with a home valued at $100,000 with an assessed value of $35,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home was reappraised and the home's market value increased to $200,000 with an assessed value of $70,000 (assuming this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00. As a School District heavily dependent upon property taxes and related growth trends, we are hampered by a lack of revenue growth yet faced with annual increases in costs that cannot be entirely controlled (health care, utilities, instructional supplies, upkeep of facilities and fuel costs). Property taxes continue to make up 78.89 percent of revenues for the general fund in fiscal year 2018. Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible.

The School District also collaborated with five other schools to form a health care consortium to control medical costs and implemented an aggressive wellness plan aimed at decreasing utilization. The ability to control costs is made increasingly difficult with mandates in gifted education, testing, curriculum changes, rising utility costs, increased special education services required for our students and national health care trends.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March of 1997 and in three subsequent rulings to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable." Although some recent changes have been made in school funding, it is still being asked whether or not the State has met the directives mandated by the Ohio Supreme Court. The number of school systems which must go on the ballot as their sole means of increasing revenue grows each year, which is symptomatic of the root problems in school funding in Ohio.

All scenarios require district management and school boards to plan carefully and prudently to provide the resources to meet student needs over the upcoming years. Decisions cannot be made by looking only at the impact to the current years financial forecast but must be projected forward on a long term basis to fully understand the impact and feasibility of current fiscal strategies.

The School District is fortunate that its systems of budgeting and internal controls are well regarded and embraced by the Board of Education, its administrative team and staff. All of the School District's financial abilities and resources will be needed to meet the challenges of the future for the benefit of our students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rick Berdine, Treasurer of Revere Local School District, P.O. Box 340, Bath, OH 44210 or rberdine@revereschools.org.

Revere Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2018

		Governmental Activities
Assets		
Equity in Pooled Cash and Investments	$	30,125,685
Cash and Cash Equivalents with Trustee		1,243,268
Cash and Cash Equivalents in Segregated Accounts		3,269,969
Investments		64,674,234
Receivables:		
Accrued Interest		99,394
Accounts		68,648
Intergovernmental		376,971
Revenue in Lieu of Taxes		192,994
Property Taxes		34,103,719
Prepaid Items		37,327
Nondepreciable Capital Assets		4,489,055
Depreciable Capital Assets (Net)		11,512,793
Total Assets		150,194,057
Deferred Outflows of Resources		
Deferred Charges on Refunding		1,327,035
Pension		13,393,041
OPEB		547,928
Total Deferred Outflows of Resources		15,268,004
Liabilities		
Accounts Payable		376,838
Accrued Wages and Benefits		3,185,273
Contracts Payable		2,004,789
Intergovernmental Payable		551,403
Retainage Payable		52,888
Accrued Vacation Leave Payable		82,316
Matured Compensated Absences Payable		83,655
Accrued Interest Payable		231,198
Claims Payable		4,887
Long Term Liabilities:		
Due Within One Year		4,303,507
Due In More Than One Year		
Net Pension Liability		43,225,575
Net OPEB Liability		9,493,319
Other Amounts Due In More Than One Year		73,113,663
Total Liabilities		136,709,311
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		30,077,264
Revenue in Lieu of Taxes for the Next Year		192,994
Pension		2,333,890
OPEB		1,207,979
Total Deferred Inflows of Resources		33,812,127
Net Position		
Net Investment in Capital Assets		17,758,598
Restricted For:		
Capital Outlay		5,795,650
Debt Service		4,443,094
Other Purposes		372,446
Unrestricted		(33,429,165)
Total Net Position	$	(5,059,377)

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction:					
Regular	$ 5,183,911	$ 701,072	$ 53,651	$ 0	$ (4,429,188)
Special	2,898,658	115,733	517,955	0	(2,264,970)
Vocational	112,440	0	1,823	0	(110,617)
Adult Education	973	0	0	0	(973)
Student Intervention Services	60,574	0	144,912	0	84,338
Other	4,671	0	0	0	(4,671)
Support Services:					
Pupils	898,242	0	168,883	0	(729,359)
Instructional Staff	1,308,417	0	29,634	0	(1,278,783)
Board of Education	312,316	0	0	0	(312,316)
Administration	1,226,291	0	45,485	0	(1,180,806)
Fiscal	1,225,256	0	0	0	(1,225,256)
Business	55,734	0	0	0	(55,734)
Operation and Maintenance of Plant	3,122,165	0	7,200	1,188,879	(1,926,086)
Pupil Transportation	2,139,785	0	89,213	0	(2,050,572)
Central	305,063	0	0	0	(305,063)
Operation of Non-Instructional Services:					
Food Service Operations	874,555	677,112	141,174	0	(56,269)
Community Services	53,982	0	70	0	(53,912)
Extracurricular Activities	829,759	412,937	143,758	0	(273,064)
Debt Service:					
Interest and Fiscal Charges	2,937,754	0	154,861	0	(2,782,893)
Total	$ 23,550,546	$ 1,906,854	$ 1,498,619	$ 1,188,879	(18,956,194)

General Revenues	
Property Taxes Levied for:	
General Purposes	29,125,671
Debt Service	4,118,527
Capital Outlay	1,316,370
Revenue in Lieu of Taxes	215,185
Grants and Entitlements Not Restricted to Specific Programs	5,894,091
Investment Earnings	21,793
Miscellaneous	153,820
Total General Revenues	40,845,457
Change in Net Position	21,889,263
Net Position Beginning of Year - Restated, See Note 3.	(26,948,640)
Net Position End of Year	$ (5,059,377)

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Bond Retirement	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	$ 21,245,733	$ 4,046,605	$ 159,909	$ 4,666,908	$ 30,119,155
Cash and Cash Equivalents with Trustee	1,243,268	0	0	0	1,243,268
Cash and Cash Equivalents in Segregated Accounts	0	0	3,269,969	0	3,269,969
Investments	0	0	64,674,234	0	64,674,234
Receivables:					
Accrued Interest	0	0	99,394	0	99,394
Accounts	63,648	0	0	5,000	68,648
Interfund	307,763	0	0	0	307,763
Intergovernmental	71,872	12,905	0	292,194	376,971
Revenue in Lieu of Taxes	192,994	0	0	0	192,994
Property Taxes	28,662,951	4,150,655	0	1,290,113	34,103,719
Prepaid Items	37,327	0	0	0	37,327
Total Assets	$ 51,825,556	$ 8,210,165	$ 68,203,506	$ 6,254,215	$ 134,493,442
Liabilities					
Accounts Payable	$ 363,881	$ 0	$ 500	$ 12,457	$ 376,838
Accrued Wages and Benefits	3,079,234	0	0	106,039	3,185,273
Contracts Payable	0	0	2,004,789	0	2,004,789
Intergovernmental Payable	506,324	0	3,142	41,937	551,403
Retainage Payable	0	0	52,888	0	52,888
Matured Compensated Absences Payable	83,655	0	0	0	83,655
Interfund Payable	0	0	0	307,763	307,763
Total Liabilities	4,033,094	0	2,061,319	468,196	6,562,609
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	25,252,574	3,691,645	0	1,133,045	30,077,264
Revenue in Lieu of Taxes for the Next Year	192,994	0	0	0	192,994
Unavailable Revenue	404,791	65,159	0	151,594	621,544
Total Deferred Inflows of Resources	25,850,359	3,756,804	0	1,284,639	30,891,802
Fund Balances					
Nonspendable	45,470	0	0	0	45,470
Restricted	1,243,268	4,453,361	66,142,187	4,679,338	76,518,154
Committed	0	0	0	1,120	1,120
Assigned	5,377,641	0	0	0	5,377,641
Unassigned	15,275,724	0	0	(179,078)	15,096,646
Total Fund Balances	21,942,103	4,453,361	66,142,187	4,501,380	97,039,031
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 51,825,556	$ 8,210,165	$ 68,203,506	$ 6,254,215	$ 134,493,442

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 97,039,031
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.		16,001,848
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 146,661	
Property Taxes	474,883	621,544
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		
Deferred Outflows - Pension	13,393,041	
Deferred Outflows - OPEB	547,928	
Net Pension Liability	(43,225,575)	
Net OPEB Liability	(9,493,319)	
Deferred Inflows - Pension	(2,333,890)	
Deferred Inflows - OPEB	(1,207,979)	(42,319,794)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,643
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		(231,198)
In the statement of activities, a loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding loss is reported when bonds are issued.		1,327,035
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Improvement Bonds	(3,225,768)	
General Obligation Bonds	(64,045,000)	
Capital Appreciation Bonds	(803,332)	
Accretion of Interest - Capital Appreciation Bonds	(174,126)	
Bond Premium	(6,232,797)	
Bond Discount	373,537	
Capital Lease Obligation	(741,653)	
Vacations Payable	(82,316)	
Compensated Absences	(2,568,031)	(77,499,486)
Net Position of Governmental Activities		$ (5,059,377)

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Bond Retirement	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	$ 29,106,273	$ 4,112,554	$ 0	$ 1,315,180	$ 34,534,007
Intergovernmental	6,304,821	81,718	0	951,888	7,338,427
Investment Income	21,793	0	938,879	70	960,742
Tuition and Fees	694,470	0	0	0	694,470
Extracurricular Activities	121,412	0	0	291,527	412,939
Rentals	112,268	0	0	0	112,268
Charges for Services	10,067	0	0	677,114	687,181
Contributions and Donations	18,212	0	250,000	131,377	399,589
Revenue in Lieu of Taxes	215,185	0	0	0	215,185
Miscellaneous	134,661	11,761	0	6,162	152,584
Total Revenues	36,739,162	4,206,033	1,188,879	3,373,318	45,507,392
Expenditures					
Current:					
Instruction:					
Regular	16,178,893	0	0	238,938	16,417,831
Special	4,583,993	0	0	321,562	4,905,555
Vocational	282,566	0	0	0	282,566
Adult Education	0	0	0	973	973
Student Intervention Services	12,930	0	0	222,501	235,431
Other	4,671	0	0	0	4,671
Support Services:					
Pupils	1,814,353	0	0	167,476	1,981,829
Instructional Staff	1,805,733	0	0	25,535	1,831,268
Board of Education	312,316	0	0	0	312,316
Administration	2,526,038	0	0	45,000	2,571,038
Fiscal	1,170,590	62,708	36,620	18,443	1,288,361
Business	55,734	0	0	0	55,734
Operation and Maintenance of Plant	3,188,449	0	980	70,822	3,260,251
Pupil Transportation	2,185,420	0	0	320,990	2,506,410
Central	343,280	0	0	0	343,280
Extracurricular Activities	1,061,449	0	0	340,211	1,401,660
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	936,176	936,176
Community Services	0	0	0	53,982	53,982
Capital Outlay	0	0	3,269,662	273,643	3,543,305
Debt Service:					
Principal Retirement	169,327	3,050,000	0	159,091	3,378,418
Interest and Fiscal Charges	10,943	3,085,431	0	0	3,096,374
Refunding Escrow	0	1,500,000	0	0	1,500,000
Total Expenditures	35,706,685	7,698,139	3,307,262	3,195,343	49,907,429
Excess of Revenues Over (Under) Expenditures	1,032,477	(3,492,106)	(2,118,383)	177,975	(4,400,037)
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	0	0	0	4,392	4,392
Issuance of Refunding Bonds	0	50,218,332	0	0	50,218,332
Premium on General Obligation Bonds	0	5,465,107	0	0	5,465,107
Discount on Refunding Bonds	0	(380,329)	0	0	(380,329)
Payment to Refunded Bond Escrow Agent	0	(54,990,432)	0	0	(54,990,432)
Total Other Financing Sources (Uses)	0	312,678	0	4,392	317,070
Net Change in Fund Balance	1,032,477	(3,179,428)	(2,118,383)	182,367	(4,082,967)
Fund Balances Beginning of Year	20,909,626	7,632,789	68,260,570	4,319,013	101,121,998
Fund Balances End of Year	$ 21,942,103	$ 4,453,361	$ 66,142,187	$ 4,501,380	$ 97,039,031

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ (4,082,967)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 3,854,173	
Current Year Depreciation	(970,167)	2,884,006
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(3,156)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	26,560	
Intergovernmental	(95,379)	(68,819)
Issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term liabilities.		
Payments to Refunding Bond Escrow Agent	56,490,432	
Proceeds of Refunding Bonds	(50,218,332)	
Discount on Refunding Bonds	380,329	
Premium on Refunding Bonds	(5,465,107)	1,187,322
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal	3,050,000	
Capital Lease Principal	328,418	3,378,418
Amortization of bond premiums/discounts, gain/loss on refundings and accrued interest on the bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
Accrued Interest Payable	75,341	
Amortization of Premium on Bonds	288,325	
Amortization of Discount	(6,792)	
Amortization of Refunding Loss	(24,128)	332,746
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,909,794	
OPEB	86,621	2,996,415
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities.		
Pension	13,895,452	
OPEB	1,564,677	15,460,129
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 expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(3,429)
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.		
Accrued Vacation Payable	(2,275)	
Compensated Absences	(15,001)	(17,276)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		(174,126)
Change in Net Position of Governmental Activities		$ 21,889,263

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 38,090,482	$ 39,479,506	$ 36,652,856	$ (2,826,650)
Expenditures and Other Financing Uses	38,062,823	38,062,823	36,493,316	1,569,507
Net Change in Fund Balance	27,659	1,416,683	159,540	(1,257,143)
Fund Balance Beginning of Year	19,942,430	19,942,430	19,942,430	0
Prior Year Encumbrances Appropriated	649,135	649,135	649,135	0
Fund Balance End of Year	$ 20,619,224	$ 22,008,248	$ 20,751,105	$ (1,257,143)

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Equity in Pooled Cash and Investments	$ 6,530
Liabilities	
Current Liabilities	
Claims Payable	4,887
Net Position	
Unrestricted	$ 1,643

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

		Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for Services	$	40,607
Operating Expenses		
Purchased Services		13,758
Claims		30,278
Total Operating Expenses		44,036
Change in Net Position		(3,429)
Net Position Beginning of Year		5,072
Net Position End of Year	$	1,643

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Customers	$ 40,607
Cash Paid for Goods and Services	(13,758)
Cash Paid for Claims	(29,320)
Net Cash Provided by Operating Activities	(2,471)
Net Increase in Cash and Investments	(2,471)
Cash and Investments, Beginning of Year	9,001
Cash and Investments, End of Year	$ 6,530
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities	
Operating Loss	$ (3,429)
Increase in Liabilities:	
Claims Payable	958
Net Cash Provided by Operating Activities	$ (2,471)

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 49,629	$ 171,713
Liabilities		
Undistributed Monies	0	$ 34,182
Due to Students	0	137,531
Total Liabilities	0	$ 171,713
Net Position		
Held in Trust for Scholarships	$ 49,629	

See accompanying notes to the basic financial statements.

Revere Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions	
Gifts and Contributions	$ 27,273
Investment Earnings	311
Total Additions	27,584
Deductions	
Payments in Accordance with Trust Agreements	31,814
Change in Net Position	(4,230)
Net Position Beginning of Year	53,859
Net Position End of Year	$ 49,629

See accompanying notes to the basic financial statements.

Note 1 – Description of the School District

The Revere Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is located in Summit County and encompasses the Village of Richfield, Richfield Township, and Bath Township. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. The Board controls the School District's four instructional/support facilities that provide services to community members and students.

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 the School District, this includes general operations, food service and student related activities.

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 for the organization. The School District has no component units.

The School District is associated with the Northeast Ohio Network for Educational Technology, the Cuyahoga Valley Career Center and the Ohio Schools Council, which are defined as jointly governed organizations. See Note 16.

The School District participates in the Summit Regional Health Care Consortium ("SRHCC"). This organization is presented in Note 9 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local 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.

A. Basis of Presentation

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 activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. 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 governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

Bond Retirement Fund The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment.

Building Fund The building fund is used to account for the receipts and expenditures related to the construction and renovations of facilities of the School District being financed through debt proceeds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the School District's only proprietary fund type:

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 only internal service fund accounts for a self-insurance program for employee vision benefits.

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. The School District's fiduciary funds are private purpose trust funds and agency funds. The private purpose trust funds account for scholarships and the School District's agency funds account for student advance placement testing, Ohio High School Athletic Association tournaments, health insurance premiums, Consortium payments and student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities. Private-purpose trust funds are reported using the economic resources management focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal 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. 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 expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and other postemployment benefits (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

E. Pooled Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, 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 and Investments."

The School District is also setting aside monies in a sinking fund investment account with Huntington Bank that will be used to fund the scheduled balloon payment on their 2011 Energy Conservation Improvement Bonds described in Note 13. These amounts are reported on the financial statements as "Cash and Cash Equivalents with Trustee."

The School District issued General Obligation Bonds in April 2017 as described in Note 13. The unspent proceeds relating to this issuance are held in investment accounts, as described in Note 5, and presented on the financial statements as "Investments".

During the year 2018, the School District invested in STAR Ohio, money market accounts, certificates of deposit, commercial paper and federal agency securities. 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 its 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 the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hour advance notice is appreciated for all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

For presentation on the financial statements, investments of the cash management pool and investments with 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. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2018 amounted to $21,793 which includes $4,012 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally 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 value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 30 Years
Vehicles	5 - 10 Years

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

I. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and 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 during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

J. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on 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.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting,* 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 category includes amounts that cannot be spent because they are not in spendable form, or 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

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. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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 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.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues include charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

N. Interfund Activity

Transfers between governmental activities on the government-wide statements are eliminated.

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2018.

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are included as an assignment of fund balance, for the general fund only, for the intended use of previously unassigned funds.

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

Note 3 – Implementation of New Accounting Principles and Restatement of 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*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

Net Position, June 30, 2017	$	(15,143,972)
Adjustments:		
Net OPEB Liability		(11,866,275)
Deferred Outflow-Payments Subsequent to Measurement Date		61,607
Restated Net Position, July 1, 2017	$	(26,948,640)

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

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/net position on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 (Non-GAAP Basis) and Actual, is presented for the general fund 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 that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

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

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

Net Change in Fund Balance

GAAP Basis	$	1,032,477
Net Adjustment for Revenue Accruals		199,312
Net Adjustment for Expenditure Accruals		(475,840)
Funds Budgeted Elsewhere **		(55,080)
Adjustment for Encumbrances		(541,329)
Budget Basis	$	159,540

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform supplies fund, the unclaimed money fund, the public school support fund and the project link fund.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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

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

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

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

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

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

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

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

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

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

Investments

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

Rating by S&P Global Ratings	Entity	Measurement Amount	Investment Maturities: Less than 1 Year	1 to 3 Years	More than 3 Years	Percentage of Total Investment
	NAV:					
AAAm	STAR Ohio	$ 9,801,162	$ 9,801,162	$ 0	$ 0	10.16%
AAAm	Money Market	258,434	258,434	0	0	0.27%
	Fair Value:					
A-1	Commercial Paper	35,699,235	35,699,235	0	0	36.99%
N/A	CDARS	1,000,000	1,000,000	0	0	1.04%
N/A	Negotiable Certificates of Deposit	9,019,172	6,575,509	2,206,000	237,663	9.35%
AA+	Federal Farm Credit	6,837,059	4,357,249	0	2,479,810	7.08%
AA+	Federal Home Loan Mortgage	5,119,487	3,237,272	986,560	895,655	5.30%
AA+	Federal Home Loan	22,364,172	15,819,133	3,952,540	2,592,499	23.17%
AA+	Federal National Mortgage	6,409,634	1,445,201	3,439,832	1,524,601	6.64%
		$ 96,508,355	$ 78,193,195	$ 10,584,932	$ 7,730,228	100.00%

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. The School District’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2018, is 49 days.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property 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 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax 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 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 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit County. The Fiscal Officer 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 905,707,110	97.32%	$ 988,181,610	97.43%
Public Utility Personal Property	24,976,890	2.68%	26,116,590	2.57%
Total	$ 930,684,000	100.00%	$ 1,014,298,200	100.00%
Tax rate per $1,000 of assessed valuation	$ 65.49		$ 64.59	

Note 7 - Receivables

Receivables at June 30, 2018, consisted of property taxes, accrued interest, interfund, revenue in lieu of taxes, miscellaneous accounts and 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 year guarantee of federal funds.

Note 8 – Capital Assets

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

	Balance 6/30/2017	Additions	Reductions	Balance 6/30/2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,001,740	$ 310,969	$ 0	$ 1,312,709
Construction in Progress	24,000	3,152,346	0	3,176,346
Total Capital Assets Not Being Depreciated	1,025,740	3,463,315	0	4,489,055
Capital Assets, Being Depreciated:				
Land Improvements	4,025,412	0	0	4,025,412
Buildings and Improvements	26,040,158	0	0	26,040,158
Furniture and Equipment	4,409,091	25,740	(101,631)	4,333,200
Vehicles	3,664,377	365,118	(402,094)	3,627,401
Total Capital Assets, Being Depreciated	38,139,038	390,858	(503,725)	38,026,171
Less Accumulated Depreciation:				
Land Improvements	(2,264,774)	(153,595)	0	(2,418,369)
Buildings and Improvements	(17,812,861)	(541,629)	0	(18,354,490)
Furniture and Equipment	(4,000,868)	(77,032)	98,475	(3,979,425)
Vehicles	(1,965,277)	(197,911)	402,094	(1,761,094)
Total Accumulated Depreciation	(26,043,780)	(970,167) *	500,569	(26,513,378)
Total Capital Assets Being Depreciated, Net	12,095,258	(579,309)	(3,156)	11,512,793
Governmental Activities Capital Assets, Net	$ 13,120,998	$ 2,884,006	$ (3,156)	$ 16,001,848

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 611,989
Special	3,490
Support Services:	
Instructional	20,501
Operation and Maintenance of Plant	127,325
Pupil Transportation	192,783
Food Service	3,073
Extracurricular Activities	11,006
Total Depreciation	$ 970,167

Note 9 – Risk Management

A. Property and Liability

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. These risks are covered by commercial insurance purchased from independent third parties. For the 12 month period beginning August 1, 2017, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage ($96,159,402 blanket combined building and personal property, $5,000 deductible), for commercial auto coverage ($1,000,000 combined single limit for bodily injury and property damage with a $8,000,000 umbrella, $500 comprehensive/$1,000 collision deductible for vehicles, $500 comprehensive/$1,000 collision deductible for buses). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant decrease in insurance coverage from the prior year.

B. Workers' Compensation

The School District pays the State Workers' Compensation system a premium based on a rate of $0.37 per $100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Vision Benefits

Vision coverage is provided on a self-insured basis. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of $4,887 reported in the internal service fund at June 30, 2018, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

The School District joined the Summit Regional Health Care Consortium for health and dental insurance as of July 1, 2010. The School District remains self-insured for vision insurance only.

Changes in the fund's claims liability amount in 2018 and 2017 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	$ 4,052	$ 23,454	$ 23,577	$ 3,929
2018	$ 3,929	$ 30,278	$ 29,320	$ 4,887

D. Health Insurance

The School District participates in the Summit Regional Health Care Consortium ("SRHCC") for the purpose of obtaining benefits at a reduced premium for health and dental care. The program for health care is administered by Anthem Blue Cross and Blue Shield. Payments are made to the SRHCC for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal officer of the SRHCC is the Treasurer of the Copley Fairlawn City Schools. The fiscal agent pays Anthem monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

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.

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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 before August 1, 2017*	Eligible to Retire 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 30 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.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

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

The School District's contractually required contribution to SERS was $646,743 for fiscal year 2018. Of this amount, $40,624 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 August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $2,263,051 for fiscal year 2018. Of this amount, $304,208 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 8,516,886	$ 34,708,689	$ 43,225,575
Proportion of the Net Pension Liability:			
Current Measurement Date	0.14254730%	0.14610977%	
Prior Measurement Date	0.14601050%	0.14322520%	
Change in Proportionate Share	-0.00346320%	0.00288457%	
Pension Expense	$ (459,796)	$ (13,435,656)	$ (13,895,452)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 366,540	$ 1,340,286	$ 1,706,826
Changes of Assumptions	440,415	7,591,172	8,031,587
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	0	744,834	744,834
School District Contributions Subsequent to the Measurement Date	646,743	2,263,051	2,909,794
Total Deferred Outflows of Resources	$ 1,453,698	$ 11,939,343	$ 13,393,041
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 279,738	$ 279,738
Net Difference between Projected and Actual Earnings on Pension Plan Investments	40,428	1,145,428	1,185,856
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	288,723	579,573	868,296
Total Deferred Inflows of Resources	$ 329,151	$ 2,004,739	$ 2,333,890

$2,909,794 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 fiscal 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	$ 187,816	$ 1,528,177	$ 1,715,993
2020	406,061	3,086,353	3,492,414
2021	82,474	2,264,470	2,346,944
2022	(198,547)	792,553	594,006
	$ 477,804	$ 7,671,553	$ 8,149,357

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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings 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 School District's proportionate share of 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	$ 11,819,225	$ 8,516,886	$ 5,750,504

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
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	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

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

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

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

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

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten 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 actuarial rate of return, without net value added by management.

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2017, 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 assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	$ 49,753,725	$ 34,708,689	$ 22,035,502

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

Benefit Term Changes since the Prior Measurement Date
Effective July 1, 2017, the COLA was reduced to zero.

Note 11 - Postemployment Benefits

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.

Plan Description - School Employees Retirement System (SERS)

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

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 $62,668.

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 $86,621 for fiscal year 2018. Of this amount $64,173 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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			
Current Measurement Date	0.14131990%	0.14610977%	
Prior Measurement Date	0.14757923%	0.14322520%	
Change in Proportionate Share	-0.00625933%	0.00288457%	
Proportionate Share of the Net OPEB Liability	$ 3,792,655	$ 5,700,664	$ 9,493,319
OPEB Expense	$ 152,820	$ (1,717,497)	$ (1,564,677)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 329,078	$ 329,078
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	0	132,229	132,229
School District Contributions Subsequent to the Measurement Date	86,621	0	86,621
Total Deferred Outflows of Resources	$ 86,621	$ 461,307	$ 547,928
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 10,015	$ 243,660	$ 253,675
Changes of Assumptions	359,903	459,207	819,110
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	135,194	0	135,194
Total Deferred Inflows of Resources	$ 505,112	$ 702,867	$ 1,207,979

$86,621 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	$ (181,888)	$ (60,566)	$ (242,454)
2020	(181,888)	(60,566)	(242,454)
2021	(138,833)	(60,566)	(199,399)
2022	(2,503)	(60,566)	(63,069)
2023	0	349	349
Thereafter	0	355	355
	$ (505,112)	$ (241,560)	$ (746,672)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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	$ 4,580,114	$ 3,792,655	$ 3,168,786

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 3,077,455	$ 3,792,655	$ 4,739,234

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	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.00 percent to 11.00 percent, initial, 4.50 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:

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

*Ten 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.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	$ 7,653,050	$ 5,700,664	$ 4,157,641

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 3,960,577	$ 5,700,664	$ 7,990,822

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides life insurance to employees through Lincoln Life in the amount of $100,000 for administrators, twice the salary for the treasurer and superintendent capped at $300,000, $50,000 for all classified employees and $50,000 for teachers.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 12 months, earn 10 to 25 days of vacation per year depending upon length of service. Employees with 15 years of service or more may carry over 5 unused vacation days with written approval. Teachers and administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 295 days for certificated and classified employees. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

C. Special Termination Benefits

Employees meeting the retirement requirements included in negotiated agreements, and the provisions of the retirement systems, receive a salary incentive when they retire from active service. Those employees eligible to retire received $10,000 for certified staff and $7,000 for support staff in the first year of eligibility and $4,000 for certificated and $3,000 for support staff in any other year. For classified employee who retire in the first year of eligibility, the amounts are $7,000 for 12 month employees and $3,500 for 9 month employees.

Note 13 - Long - Term Obligations

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations are as follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds:				
Energy Conservation Improvement	2011	5.14%	$ 3,225,768	12/1/26
School Improvement				
Serial and Term	2017A	2.00% - 5.00%	59,700,000	12/1/45
School Improvement				
Serial and Term	2017B	2.00% - 4.00%	8,200,000	12/1/43
School Improvement Refunding				
Serial and Term	2017C	3.25% - 4.00%	49,415,000	12/1/45
Capital Appreciation	2017	30.00%	803,332	12/1/23

In December 2017 the School District issued $50,218,332 in bonds to partially refund certain general obligation bonds. The proceeds of the bonds were used to refund $50,220,000 of the School District's 2017 Series A bonds. The bonds were issued for a 28 year period with final maturity at December 1, 2045.

These refunding bonds were issued with a premium of $5,465,107, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of $380,329. The issuance resulted in an economic gain of $5,317,068.

This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was $50,220,000 at June 30, 2018.

General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the School District.

The bonds will be retired from the bond retirement fund.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

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

	Restated Outstanding 6/30/2017	Additions	Reductions	Outstanding 6/30/2018	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Energy Conservation Improvement	$ 3,225,768	$ 0	$ 0	$ 3,225,768	$ 0
School Improvement - 2017A					
Serial and Term Bonds	59,700,000	0	53,220,000	6,480,000	3,300,000
Unamortized Bond Premium	5,847,876	0	5,104,990	742,886	0
School Improvement - 2017B					
Serial and Term Bonds	8,200,000	0	50,000	8,150,000	50,000
Unamortized Bond Premium	127,408	0	5,013	122,395	0
School Improvement Refunding - 2017C					
Serial and Term Bonds	0	49,415,000	0	49,415,000	400,000
Capital Appreciation Bonds	0	803,332	0	803,332	0
Accretion on Capital Appreciation Bonds	0	174,126	0	174,126	0
Unamortized Bond Premium	0	5,465,107	97,591	5,367,516	0
Unamortized Bond Discount	0	(380,329)	6,792	(373,537)	0
Total General Obligation Bonds	77,101,052	55,477,236	58,484,386	74,107,486	3,750,000
Net Pension/OPEB Liability					
Pension	58,628,413	0	15,402,838	43,225,575	0
OPEB	11,866,275	0	2,372,956	9,493,319	0
Total Net Pension/OPEB Liability	70,494,688	0	17,775,794	52,718,894	0
Compensated Absences	2,553,030	141,186	126,185	2,568,031	170,645
Capital Leases	1,070,071	0	328,418	741,653	382,862
Total Governmental Activities Long-Term Liabilities	$151,218,841	$55,618,422	$ 76,714,783	$130,136,064	$ 4,303,507

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

Fiscal Year	2011 QSCB Bond	
Ending June 30,	Principal	Interest
2019	$ 0	$ 165,804
2020	0	165,804
2021	0	165,804
2022	0	165,804
2023	0	165,804
2024-2027	3,225,768	580,321
	$ 3,225,768	$ 1,409,341

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

Fiscal Year	General Obligation Bonds		Capital Appreciation Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2019	$ 3,750,000	$ 2,357,750	$ 0	$ 0	$ 3,750,000	$ 2,357,750
2020	1,620,000	2,267,100	143,046	101,954	1,763,046	2,369,054
2021	820,000	2,218,300	108,163	136,837	928,163	2,355,137
2022	890,000	2,179,900	81,786	163,214	971,786	2,343,114
2023	50,000	2,157,150	289,021	855,979	339,021	3,013,129
2024-2028	6,575,000	10,237,550	181,316	768,683	6,756,316	11,006,233
2029-2033	9,795,000	8,593,050	0	0	9,795,000	8,593,050
2034-2038	12,655,000	6,509,150	0	0	12,655,000	6,509,150
2039-2043	16,205,000	3,718,750	0	0	16,205,000	3,718,750
2044-2046	11,685,000	594,662	0	0	11,685,000	594,662
	$ 64,045,000	$ 40,833,362	$ 803,332	$ 2,026,667	$ 64,848,332	$ 42,860,029

Note 14 – Leases

A. Operating Leases

In prior years, the School District (the “Lessee”) has entered into an operating lease for a five year period commencing on February 15, 2012. The lease is with MT Business Technologies (the “Lessor”) for 18 copiers. Current year lease payments were $57,979. The cost of the copiers should be recognized on the straight-line basis over the term of the lease because no economic justification can be offered for the lease payments. The lease payments are paid from the general and auxiliary services funds. This lease ended in June 2017 with the final payment of $15,212 being made in July 2017.

The School District (the “Lessee”) has entered into a new operating lease for a three year period commencing on June 28, 2017. The lease is with MT Business Technologies (the “Lessor”) for 19 copiers. The cost of the copiers should be recognized on the straight-line basis over the term of the lease because no economic justification can be offered for the lease payments. The lease payments were paid from the general fund beginning in fiscal year 2018.

The following is a schedule of future minimum lease payments required under the lease as of June 30, 2018.

		Total Payments
Fiscal year ending June 30,	2019	$ 61,200
	2020	61,200
	2021	10,200
Total lease payments		$ 132,600

B. Capital Lease

The School District has entered into a lease with Apple, Inc. for the acquisition of laptops and software. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures for the general and permanent improvement funds in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The assets acquired by this lease have not been capitalized because they do not meet the School District's per item capitalization threshold.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2018:

		Capital Leases
Fiscal Year Ending June 30,	2019	$ 387,083
	2020	360,908
		747,991
Less: Amount Representing Interest		(6,338)
Present Value of Minimum Lease Payments		$ 741,653

Note 15 – Interfund Receivable/Payable

Interfund receivable/payables at June 30, 2018 consisted of the following:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 307,763	$ 0
Nonmajor Governmental Funds	0	307,763
Total	$ 307,763	$ 307,763

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2018, all interfund loans outstanding are anticipated to be repaid in fiscal year 2019.

Note 16 - Jointly Governed Organizations

A. Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of 30 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of the chairman of each operating committee and membership from the members. There are a total of 9 board members, 3 of which are Treasurers. Financial information can be obtained by contacting the Fiscal Officer of NEOnet, located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the fiscal year ended June 30, 2018, the School District paid $182,759 to NEOnet for basic service charges.

B. Cuyahoga Valley Career Center (Career Center)

The Cuyahoga Valley Career Center (Career Center), a joint vocational school, is a jointly governed organization operated under a nine member Board of Directors, consisting of one representative from each participating school district. The Board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts but does receive property taxes based on member district’s valuations. The continued existence of the Career Center is not dependent on the School District's continued participation and no equity interest exists. Financial information can be obtained by writing to the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44141.

C. Ohio Schools Council (Council)

The Ohio Schools Council (Council) is a jointly governed organization among 210 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Note 17 – Contingencies and Significant Commitments

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. School District Funding

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, ODE has finalized the impact of enrollment adjustments to the June 30, 2018 Foundation funding for the School District. The financial statement impact was determined to be immaterial and is not reported as an asset or liability of the School District.

D. Encumbrance Commitments

Outstanding encumbrances for governmental funds include $372,455 in the general fund, $22,088,427 in the building fund and $3,332,332 in the non-major governmental funds.

E. Contractual Commitments

Projects	Contractual Commitment	Expended	Balance 6/30/2018
Icon, Inc.	$ 20,565,705	$ 1,261,550	$19,304,155
BSHM Architects, Inc.	5,617,250	796,127	4,821,123
	$ 26,182,955	$ 2,057,677	$24,125,278

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

Note 18 - Set-Asides

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 and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2017	$ 0
Current Year Set-Aside Requirement	470,936
Current Year Offsets	(1,364,988)
Total	$ (894,052)
Balance Carried Forward to Fiscal Year 2019	$ 0
Set-Aside Reserve Balance June 30, 2018	$ 0

For the capital improvement reserve, current year offsets exceeding the set aside requirement may not be carried forward to the next fiscal year.

Note 19 – Fund Balance

Fund balance can be 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 governmental funds.

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The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Bond Retirement	Building Fund	Other Governmental Funds	Total
Nonspendable for:					
Unclaimed Funds	$ 8,143	$ 0	$ 0	$ 0	$ 8,143
Prepaids	37,327	0	0	0	37,327
Total Nonspendable	45,470	0	0	0	45,470
Restricted for:					
Debt Service	1,243,268	4,453,361	0	0	5,696,629
Capital Outlay	0	0	66,142,187	4,433,074	70,575,261
Other Purposes	0	0	0	246,264	246,264
Total Restricted	1,243,268	4,453,361	66,142,187	4,679,338	76,518,154
Committed to:					
Other Purposes	0	0	0	1,120	1,120
Total Committed	0	0	0	1,120	1,120
Assigned for:					
Encumbrances:					
Instruction	131,493	0	0	0	131,493
Support Services	214,591	0	0	0	214,591
Extracurricular	5,429	0	0	0	5,429
Subsequent Appropriations	4,740,178	0	0	0	4,740,178
Other Purposes	285,950	0	0	0	285,950
Total Assigned	5,377,641	0	0	0	5,377,641
Unassigned (Deficit)	15,275,724	0	0	(179,078)	15,096,646
Total Fund Balance (Deficit)	$ 21,942,103	$ 4,453,361	$ 66,142,187	$ 4,501,380	$ 97,039,031

Fund balances at June 30, 2018 included fund deficits in the food service and the Title I funds in the amount of $163,361 and $15,717, respectively.

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

Revere School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
School District's Proportion of the Net Pension Liability	0.14254730%	0.14601050%	0.14849390%	0.15067000%	0.15067000%
School District's Proportionate Share of the Net Pension Liability	$ 8,516,886	$ 10,686,621	$ 8,473,206	$ 7,625,323	$ 8,959,861
School District's Covered Payroll	$ 4,671,086	$ 4,199,293	$ 4,728,141	$ 5,189,986	$ 4,511,980
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	182.33%	254.49%	179.21%	146.92%	198.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net Pension Liability	0.14610977%	0.14322520%	0.14474776%	0.14616303%	0.14616303%
School District's Proportionate Share of the Net Pension Liability	$ 34,708,689	$ 47,941,792	$ 40,004,047	$ 35,551,907	$ 42,349,199
School District's Covered Payroll	$ 16,794,307	$ 13,181,886	$ 15,940,086	$ 16,376,823	$ 14,818,238
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	206.67%	363.69%	250.97%	217.09%	285.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Revere School District
Summit County, Ohio
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 646,743	$ 653,952	$ 587,901	$ 623,169
Contributions in Relation to the Contractually Required Contribution	(646,743)	(653,952)	(587,901)	(623,169)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 4,790,689	$ 4,671,086	$ 4,199,293	$ 4,728,141
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 2,263,051	$ 2,351,203	$ 1,845,464	$ 2,231,612
Contributions in Relation to the Contractually Required Contribution	(2,263,051)	(2,351,203)	(1,845,464)	(2,231,612)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 16,164,650	$ 16,794,307	$ 13,181,886	$ 15,940,086
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$ 719,332	$ 624,458	$ 594,319	$ 548,528	$ 637,453	$ 405,032
(719,332)	(624,458)	(594,319)	(548,528)	(637,453)	(405,032)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,189,986	$ 4,511,980	$ 4,418,729	$ 4,363,787	$ 4,707,925	$ 4,116,179
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$ 2,128,987	$ 1,926,371	$ 1,911,371	$ 2,031,439	$ 2,036,111	$ 1,978,736
(2,128,987)	(1,926,371)	(1,911,371)	(2,031,439)	(2,036,111)	(1,978,736)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 16,376,823	$ 14,818,238	$ 14,702,854	$ 15,626,454	$ 15,662,392	$ 15,221,046
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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Revere Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System (SERS)		
School District's Proportion of the Net OPEB Liability	0.14131990%	0.14757923%
School District's Proportionate Share of the Net OPEB Liability	$ 3,792,655	$ 4,206,554
School District's Covered Payroll	$ 4,671,086	$ 4,199,293
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	81.19%	100.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
School District's Proportion of the Net OPEB Liability	0.14610977%	0.14322520%
School District's Proportionate Share of the Net OPEB Liability	$ 5,700,664	$ 7,659,721
School District's Covered Payroll	$ 16,794,307	$ 13,181,886
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	33.94%	58.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Revere Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 86,621	$ 61,607	$ 73,018	$ 105,726
Contributions in Relation to the Contractually Required Contribution	(86,621)	(61,607)	(73,018)	(105,726)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 4,790,689	$ 4,671,086	$ 4,199,293	$ 4,728,141
OPEB Contributions as a Percentage of Covered Payroll (1)	1.81%	1.32%	1.74%	2.24%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 16,164,650	$ 16,794,307	$ 13,181,886	$ 15,940,086
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$ 70,299	$ 70,955	$ 88,921	$ 126,168	$ 257,916	$ 230,512
(70,299)	(70,955)	(88,921)	(126,168)	(257,916)	(230,512)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,189,986	$ 4,511,980	$ 4,418,729	$ 4,363,787	$ 4,707,925	$ 4,116,179
1.35%	1.57%	2.01%	2.89%	5.48%	5.60%
$ 163,768	$ 148,182	$ 147,029	$ 156,265	$ 156,624	$ 152,210
(163,768)	(148,182)	(147,029)	(156,265)	(156,624)	(152,210)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 16,376,823	$ 14,818,238	$ 14,702,854	$ 15,626,454	$ 15,662,392	$ 15,221,046
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
    - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2018, 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 2.50 percent with a floor of zero 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 calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, 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 for fiscal year 2018, 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.

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REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Grant Year**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non Cash Assistance (Food Distribution)	10.555	2018	$ 50,140
National School Lunch Program	10.555	2018	95,175
Total Child Nutrition Cluster			145,315
Total U.S. Department of Agriculture			145,315
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies Cluster:			
Title I Grants to Local Educational Agencies	84.010	2017	19,849
Title I Grants to Local Educational Agencies	84.010	2018	190,185
Total Title I Grants to Local Educational Agencies			210,034
Special Education Cluster:			
Special Education Grants to States	84.027	2017	36,342
Special Education Grants to States	84.027	2018	472,737
IDEA Early Childhood Special Education	84.173	2018	7,272
Total Special Education Grants to States			516,351
Student Support and Academic Enrichment	84.424	2018	4,578
Student Support and Academic Enrichment			4,578
Improving Teacher Quality State Grants	84.367	2018	54,018
Total Improving Teacher Quality State Grants			54,018
Total U.S. Department of Education			784,981
Total Expenditures of Federal Awards			$930,296

The accompanying notes are an integral part of this schedule.

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

NOTE A- BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Revere Local School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 District has elected not to use the 10-percent de minims indirect cost rate as allowed under the Uniform Guidance.

NOTE C- CHILD NUTRITION CLUSTER

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

NOTE D- FOOD DONATION PROGRAM

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 15,929
Special Education - Grants to States	84.027	$ 66,949
Student Support and Academic Enrichment	84.424A	$ 662

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

Revere Local School District
Summit County
3496 Everett Road
Richfield, Ohio 44286

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Revere Local School District, Summit County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District*’s Response to Findings*

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

January 23, 2019

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

Revere Local School District
Summit County
3496 Everett Road
Richfield, Ohio 44286

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State

Columbus, Ohio

January 23, 2019

REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Special Education Grants to States Cluster – CFDA # 84.027 and # 84.173
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

Finding Number	2018-001

Significant Deficiency - Proper Recording of Contracts Payable

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Although the District incurred architectural related costs on two invoices dated June 19, 2018 for services provided and payment made July 5, 2018, the costs associated with these invoices were not included in the District's contracts payable balance at year end. As a result, the contracts payable and capital outlay expense balances were understated on the District's financial statements within the Building Fund Opinion Unit by $171,654. The understatement also affected the Statement of Net Position and Statement of Activities. The financial statements were adjusted to reflect the proper amounts.

To help ensure accurate financial reporting, the District should implement additional controls over the preparation of their financial statements which would assist in the detection and prevention of financial statement reporting errors.

Official's Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Revere Local Schools
Empowering students to achieve their personal best

Administration Office
3496 Everett Road, P.O. Box 340
Bath, Ohio 44210-0340
: (330) 666-4155, ext 3106. Fax: (330) 659-3127

CORRECTIVE ACTION PLAN
2 CFR § 200.511
June 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The omission of the contracts payable amount was recognized by the District and corrected as noted. The District has implemented procedures to flag payables for accrual at year end	done	Richard Berdine, Treasurer

Matthew Montgomery
Superintendent
Ext. 633101
mmontgomery@revereschools.org

Richard Berdine
Treasurer
Ext. 633106
rberdine@revereschools.org

Dr. Christine Kovach
Director of Student Services
Ext. 633113
ckovach@revereschools.org

Kathy Nolan
Director of Curriculum & Inst.
Ext. 633121
knolan@revereschools.org

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OHIO AUDITOR OF STATE
KEITH FABER

REVERE LOCAL SCHOOL DISTRICT

SUMMIT 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
FEBRUARY 28, 2019