HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2019

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KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Hubbard Exempted Village School District
Trumbull County
108 Orchard Ave
Hubbard, Ohio 44425

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 Hubbard Exempted Village School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2019, 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 Hubbard Exempted Village School District, Trumbull County, Ohio, as of June 30, 2019, 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.

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 22, 2020, 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 22, 2020

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As management of the Hubbard Exempted Village School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position of governmental activities increased from fiscal year 2018 to fiscal year 2019. The increase is due to the large decrease in net pension liability and net OPEB liability. This change was related to changes in assumptions and benefit terms related to pensions.

- The School District passed a new emergency levy in May 2017, for a period of five years. The tax levy was for 4.8 mills which is equal to $986,000 in tax revenue. The School District received half of the revenue generated by the new levy in fiscal year 2018 and recieved the entire amount generated annually, in fiscal year 2019.

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges *(business-type activities)*. The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund. All of the funds of the School District can be divided into two categories: governmental and fiduciary.

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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental 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 difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Fund A Fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for fiscal year 2019 compared to fiscal year 2018.

(Table 1)
Net Position
Governmental Activities

	2019	2018	Change
Assets			
Current and Other Assets	$15,864,635	$13,309,920	$2,554,715
Net OPEB Asset	1,121,949	0	1,121,949
Capital Assets, Net	44,623,932	45,951,867	(1,327,935)
Total Assets	61,610,516	59,261,787	2,348,729
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,218,247	1,302,542	(84,295)
Pension	5,066,191	6,379,075	(1,312,884)
OPEB	250,887	221,879	29,008
Total Deferred Outflows of Resources	$6,535,325	$7,903,496	($1,368,171)

(Table 1)
Net Position (continued)
Governmental Activities

	2019	2018	Change
Liabilities			
Current Liabilities	$2,863,621	$2,363,477	($500,144)
Long-Term Liabilities			
Due within One Year	1,389,506	1,088,427	(301,079)
Due in More than One Year			
Net Pension Liability	20,390,338	21,983,766	1,593,428
Net OPEB Liability	2,474,838	5,120,508	2,645,670
Other Amounts	17,924,550	17,623,503	(301,047)
Total Liabilities	45,042,853	48,179,681	3,136,828
Deferred Inflows of Resources			
Property Taxes	8,037,992	7,075,241	(962,751)
Pension	2,220,150	1,963,795	(256,355)
OPEB	2,155,459	793,865	(1,361,594)
Total Deferred Inflows of Resources	12,413,601	9,832,901	(2,580,700)
Net Position			
Net Investment in Capital Assets	29,054,604	30,414,245	(1,359,641)
Restricted for:			
Capital Projects	33,737	28,484	5,253
Debt Service	716,861	636,325	80,536
Unclaimed Monies	14,605	40,713	(26,108)
Other Purposes	1,084,974	1,016,992	67,982
Unrestricted	(20,215,394)	(22,984,058)	2,768,664
Total Net Position	$10,689,387	$9,152,701	$1,536,686

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019. 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.

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.

Current assets increased mainly due to an increase in cash and cash equivalents, intergovernmental and taxes receivables and the net OEPB asset at year end. The increase in intergovernmental receivable is due to an increase in carryover grant balances compared to the prior fiscal year. The decrease in capital assets was due to an additional year of depreciation exceeding current year additions.

The School District had a decrease in total liabilities which can be attributed to a decrease in the net pension liability and net OPEB liability as well as the current year payments on the outstanding bonds payable. The net pension and net OPEB liability decrease represents the School District's proportionate share of the unfunded benefits. As indicated above, changes in pension benefits, assumptions, contribution rates, and return on investments affect the balance of the net pension liability.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the School District's net position represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position is investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, furniture and fixtures and vehicles); less any related debt used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018.

(Table 2)
Change in Net Position
Governmental Activities

	2019	2018	Change
Revenues			
Program Revenues			
Charges for Services and Sales	$2,646,156	$2,497,738	$148,418
Operating Grants, Interest and Contributions	2,339,543	2,141,994	197,549
Capital Grants, Interest and Contributions	7,000	0	7,000
Total Program Revenues	4,992,699	4,639,732	352,967
General Revenues			
Property Taxes	8,172,456	7,548,960	623,496
Grants and Entitlements not Restricted	9,380,768	9,571,196	(190,428)
Unrestricted Contributions	36,432	24,853	11,579
Investment Earnings	81,876	38,384	43,492
Miscellaneous	506,203	359,471	146,732
Total General Revenues	18,177,735	17,542,864	634,871
Total Revenues	$23,170,434	$22,182,596	$987,838

(Table 2)
Change in Net Position (continued)
Governmental Activities

	2019	2018	Change
Program Expenses			
Current:			
Instruction:			
Regular	$9,170,668	$4,194,199	($4,976,469)
Special	2,193,047	1,431,046	(762,001)
Vocational	138,611	35,634	(102,977)
Student Intervention Services	643,811	630,892	(12,919)
Support Services:			
Pupils	802,872	405,585	(397,287)
Instructional Staff	306,590	213,004	(93,586)
Board of Education	18,574	23,181	4,607
Administration	1,289,347	707,551	(581,796)
Fiscal	596,792	530,800	(65,992)
Business	46,773	40,032	(6,741)
Operation and Maintenance of Plant	1,933,135	1,792,109	(141,026)
Pupil Transportation	1,234,154	957,177	(276,977)
Central	263,002	260,953	(2,049)
Extracurricular Activities	886,750	895,524	8,774
Operation of Non-Instructional Services:			
Food Service Operations	831,155	799,593	(31,562)
Other Non-Instructional Services	424,135	336,299	(87,836)
Interest and Fiscal Charges	854,332	888,041	33,709
Total Program Expenses	21,633,748	14,141,620	(7,492,128)
Change in Net Position	1,536,686	8,040,976	(6,504,290)
Net Position Beginning of Year	9,152,701	1,111,725	8,040,976
Net Position End of Year	$10,689,387	$9,152,701	$1,536,686

The largest component of the increase in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). As a result of these changes, pension expense decreased from $2,427,920 in fiscal year 2017 to a negative pension expense of $7,044,030 for fiscal year 2018. For fiscal year 2019, pension expense increased to $1,495,646 closer to the 2017 pension expense amount.

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The increase in operating grants, property tax, interest and contributions can be attributed to the School District receiving an increase in grants compared to fiscal year 2018.

Instruction expenses comprise the largest portion of all program expenses for the School District. These expenses pay for teacher salary and benefits which increase at set levels every year through negotiated agreements. Overall total governmental expenses increased due to the large pension expense related to the change in assumptions and benefit terms related to pension as well as increases in salaries due to negotiated salary increases for the year and increases in benefits.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2019 compared to fiscal year 2018.

(Table 3)
Total and Net Cost of Program Services
Governmental Activities

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$12,146,137	$8,792,627	$6,291,771	$3,085,565
Support Services:				
Pupils and Instructional Staff	1,109,462	1,079,510	618,589	606,096
Board of Education, Administration				
Fiscal and Business	1,951,486	1,859,722	1,301,564	1,297,320
Operation and Maintenance of Plant	1,933,135	1,853,928	1,792,109	1,679,490
Pupil Transportation	1,234,154	1,067,398	957,177	883,613
Central	263,002	257,602	260,953	255,553
Extracurricular Activities	886,750	453,787	895,524	476,091
Operation of Non-Instructional Services:				
Food Service Operations	831,155	2,701	799,593	(1,821)
Other Non-Instructional Services	424,135	419,442	336,299	331,940
Interest and Fiscal Charges	854,332	854,332	888,041	888,041
Total Expenses	$21,633,748	$16,641,049	$14,141,620	$9,501,888

The dependence upon general revenues for governmental activities is apparent as they account for a majority of the total cost of services in fiscal year 2019. The community, as a whole, is by far the primary support for the Hubbard Exempted Village School District.

Financial Analysis of the Government's Funds

Governmental Fund Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to revenues exceeding expenditures in the current fiscal year. Property tax revenue increased due to an increase in assessed values as well as the second year of collections on the emergency levy passed in the spring of 2017. Instructional and support service expenditures increased in the current fiscal year due to the School District negotiated salary increases as well as increases in benefits. Both certified and classified unions agreed to pay more for healthcare premiums, including higher monthly contributions for employees that have their spouses on the School District's plan and incentives that led to more employees opting for single or employee plus children coverage. The bond retirement fund balance increased from the prior fiscal year due to a decrease in debt service payments. Other governmental funds had an increase in fund balance due to an increase in grant monies requested and received during the fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2019 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The difference can be attributed to the increase in property taxes, intergovernmental, tuition and fees and miscellaneous revenues. These revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations. Actual revenue was in line with final budget basis revenue. The difference between the original budget appropriations and the final amended budget appropriations of the general fund increased due to an increase in instructional, maintenance, transportation and capital outlay estimates. The School District's actual expenditures were in line with the final budgeted appropriations.

Capital Assets and Long-term Liabilities

Capital Assets Table 4 shows fiscal year 2019 balances compared to fiscal year 2018.

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

	2019	2018
Land	$465,910	$465,910
Construction in Progress	639,000	0
Land Improvements	3,335,491	3,630,396
Buildings and Improvements	39,198,775	40,827,205
Furniture and Fixtures	780,811	870,273
Vehicles	203,945	158,083
Total	$44,623,932	$45,951,867

The decrease in capital assets can be attributed to an additional year of depreciation during the fiscal year which was offset by current year additions. The replacement of the School District's bus fleet continued during the fiscal year with the purchase of one new bus. Other additions during the fiscal year included improvements to the swimming pool as well as the purchase LED lights. Additional information on the School District's capital assets can be found in Note 11 of the basic financial statements.

Long-term Liabilities Table 5 summarizes the School District's long-term obligations.

(Table 5)
Outstanding Long-Term Obligations

	Governmental Activities	
	2019	2018
Classroom Facilities Bonds	$16,098,248	$16,403,297
Athletic Facilities Lease Purchase	825,000	975,000
LED Lights Lease Purchase	672,754	0
Net Pension Liability	20,390,338	21,983,766
Net OPEB Liability	2,474,838	5,120,508
Compensated Absences	1,718,054	1,333,633
Totals	$42,179,232	$45,816,204

The School District issued $18,598,533 in classroom facilities bonds on March 22, 2007, in conjunction with the Ohio School's Facilities Commission (OSFC), to build three new school buildings on a centralized campus. The OSFC has committed 68 cents on each dollar the School District spends on new facilities. Community support will generate the remaining 32 cents. During fiscal year 2013, a portion of the serial and term bonds were retired by the School District through an advanced refunding. Annual payments are made for twenty-four years until maturity at December 1, 2030.

On March 14, 2013, the School District issued $8,134,991 in general obligation bonds to refund a portion of the 2007 general obligation classroom facilities improvement bonds. Annual payments are made for a twenty-two year period until maturity at December 1, 2034. The bonds are backed by the full faith and credit of the School District.

On October 8, 2013, the School District issued $1,520,000 for a lease purchase obligation, for use in acquiring, constructing and installing improvements to athletic facilities and equipment. The obligation was issued through a series of annual leases with an initial lease term of one year which includes the right to renew for ten successive one year term through June 30, 2024.

On December 18, 2014, the School District issued $6,614,998 in general obligation bonds to refund a portion of 2007 general obligation classroom facilities improvement bonds. Annual payments are made for a sixteen year period until final maturity at December 1, 2030. The bonds are backed by the full faith and credit of the School District.

On April 15, 2019, the School District issued $672,754 for a lease purchase obligation, for use in acquiring and installing LED lighting throughout the School District buildings. The obligation was issued with a lease term of seven years with a final maturity at June 30, 2026.

As of June 30, 2019, the School District's overall legal debt margin was $6,315,085 with an unvoted debt margin of $214,792. Neither Moody's nor Standard and Poor's maintain an active rating on the Hubbard Exempted Village School District. Please refer to Note 12 within the Notes to the Basic Financial Statements for further information on debt.

Current Financial Related Activities

The School District has continued to maintain its high standards of service to students, parents and the community. We are continually pressed with challenges and opportunities that compel us to remain proactive in our efforts to provide children with a quality education in an environment that is conducive to learning. Current events, the economy and market conditions, and the community's support and input have an impact on how the School District conducts business.

The School District has managed its financial operations with prudence, while continually monitoring revenues and expenditures in accordance with the five year forecast. The current forecast is for 5 years ending in fiscal year 2024. The forecast indicates a positive balance each year of the forecast.

The School District passed two emergency levy renewals in 2015 and 2016. The May 5, 2015 renewal was for 4.9 mills, which is equal to $1,024,214 in tax revenue. The March 15, 2016 renewal was for 5.8 mills, which is equal to $1,218,709 in tax revenue. The School District also passed a new emergency levy in 2017. The May 9, 2017 levy was for 4.8 mills, which is equal to $986,000 in tax revenue.

House Bill 66 effectively eliminated the Tangible Personal Property Tax (TPP). The School District has offset this loss of revenue through State reimbursements and open enrollment dollars. Open enrollment generates roughly $1,500,000 in annual revenue for the School District. Without these funds available, the Board of Education would need to look into alternative methods of revenue replacement to help compensate for this shortfall.

The School District's commitment to instruction remains paramount. The School District is actively trying to meet the set-aside requirements passed down from the State level to ensure the highest level of facilities for the true asset of the School District, its students. With this in mind, it remains imperative that the Board of Education and management team continue to carefully plan in order to provide the resources required in meeting the students, parents and communities desired needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Amber Babik, Treasurer at Hubbard Exempted Village School District, 108 Orchard Avenue, Hubbard, Ohio 44425.

Hubbard Exempted Village School District

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$6,428,136
Accounts Receivable	7,349
Intergovernmental Receivable	245,538
Inventory Held for Resale	3,821
Materials and Supplies Inventory	1,286
Prepaid Items	35,039
Taxes Receivable	9,143,466
Net OPEB Asset	1,121,949
Nondepreciable Capital Assets	1,104,910
Depreciable Capital Assets, Net	43,519,022
Total Assets	61,610,516
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,218,247
Pension	5,066,191
OPEB	250,887
Total Deferred Outflows of Resources	6,535,325
Liabilities	
Accounts Payable	141,045
Accrued Wages	1,784,130
Contracts Payable	369,000
Intergovernmental Payable	484,965
Accrued Interest Payable	41,869
Matured Compensated Absences Payable	6,833
Vacation Benefits Payable	35,779
Long-Term Liabilities:	
Due Within One Year	1,389,506
Due in More Than One Year	
Net Pension Liability (See Note 17)	20,390,338
Net OPEB Liability (See Note 18)	2,474,838
Other Amounts	17,924,550
Total Liabilities	45,042,853
Deferred Inflows of Resources	
Property Taxes	8,037,992
Pension	2,220,150
OPEB	2,155,459
Total Deferred Inflows of Resources	12,413,601
Net Position	
Net Investment in Capital Assets	29,054,604
Restricted for:	
Capital Projects	33,737
Debt Service	716,861
Unclaimed Monies	14,605
Other Purposes	1,084,974
Unrestricted (Deficit)	(20,215,394)
Total Net Position	$10,689,387

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2019

		Program Revenues			Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants, Interest and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$9,170,668	$1,816,789	$427,976	$0	($6,925,903)
Special	2,193,047	0	1,083,003	0	(1,110,044)
Vocational	138,611	0	25,742	0	(112,869)
Student Intervention Services	643,811	0	0	0	(643,811)
Support Services:					
Pupils	802,872	0	770	0	(802,102)
Instructional Staff	306,590	0	29,182	0	(277,408)
Board of Education	18,574	0	0	0	(18,574)
Administration	1,289,347	0	33,132	0	(1,256,215)
Fiscal	596,792	0	58,632	0	(538,160)
Business	46,773	0	0	0	(46,773)
Operation and Maintenance of Plant	1,933,135	72,207	0	7,000	(1,853,928)
Pupil Transportation	1,234,154	0	166,756	0	(1,067,398)
Central	263,002	0	5,400	0	(257,602)
Extracurricular Activities	886,750	409,277	23,686	0	(453,787)
Operation of Non-Instructional Services:					
Food Service Operations	831,155	347,883	480,571	0	(2,701)
Other Non-Instructional Services	424,135	0	4,693	0	(419,442)
Interest and Fiscal Charges	854,332	0	0	0	(854,332)
Totals	$21,633,748	$2,646,156	$2,339,543	7,000	(16,641,049)

General Revenues	
Property Taxes Levied for:	
General Purposes	7,105,448
Debt Service	978,326
Classroom Facilities	88,682
Grants and Entitlements not Restricted to Specific Programs	9,380,768
Unrestricted Donations	36,432
Investment Earnings	81,876
Miscellaneous	506,203
Total General Revenues	18,177,735
Change in Net Position	1,536,686
Net Position Beginning of Year	9,152,701
Net Position End of Year	$10,689,387

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2019

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$4,625,732	$624,937	$1,162,862	$6,413,531
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	14,605	0	0	14,605
Receivables:				
Property Taxes	7,938,016	1,105,303	100,147	9,143,466
Accounts	7,349	0	0	7,349
Intergovernmental	108,359	0	137,179	245,538
Prepaid Items	35,039	0	0	35,039
Interfund Receivable	18,699	0	0	18,699
Inventory Held for Resale	0	0	3,821	3,821
Materials and Supplies Inventory	0	0	1,286	1,286
Total Assets	$12,747,799	$1,730,240	$1,405,295	$15,883,334
Liabilities				
Accounts Payable	$119,610	$0	$21,435	$141,045
Accrued Wages	1,630,506	0	153,624	1,784,130
Contracts Payable	369,000	0	0	369,000
Intergovernmental Payable	462,872	0	22,093	484,965
Interfund Payable	0	0	18,699	18,699
Matured Compensated Absences Payable	6,833	0	0	6,833
Total Liabilities	2,588,821	0	215,851	2,804,672
Deferred Inflows of Resources				
Property Taxes	6,978,447	971,510	88,035	8,037,992
Unavailable Revenue	997,582	124,031	97,357	1,218,970
Total Deferred Inflows of Resources	7,976,029	1,095,541	185,392	9,256,962
Fund Balances:				
Nonspendable	49,644	0	1,286	50,930
Restricted	0	634,699	1,031,702	1,666,401
Committed	33,754	0	66,729	100,483
Assigned	78,790	0	0	78,790
Unassigned (Deficit)	2,020,761	0	(95,665)	1,925,096
Total Fund Balances	2,182,949	634,699	1,004,052	3,821,700
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$12,747,799	$1,730,240	$1,405,295	$15,883,334

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Funds Balances		$3,821,700
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.		44,623,932
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent Property Taxes	1,024,813	
Intergovernmental	157,192	
Tuition and Fees	36,965	
Total		1,218,970
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental fund:		
Deferred Outflows - Pension	5,066,191	
Deferred Inflows - Pension	(2,220,150)	
Net Pension Liability	(20,390,338)	
Net OPEB Asset	1,121,949	
Deferred Outflows - OPEB	250,887	
Deferred Inflows - OPEB	(2,155,459)	
Net OPEB Liability	(2,474,838)	
Total		(20,801,758)
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.		(41,869)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(35,779)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Classroom Facilities Bonds	(14,459,289)	
Athletic Facilities Lease Purchase	(825,000)	
LED Lights Lease Purchase	(672,754)	
Bond Premium	(1,707,170)	
Bond Discount	68,211	
Compensated Absences	(1,718,054)	
Deferred Charge on Refunding	1,218,247	
Total		(18,095,809)
Net Position of Governmental Activities		$10,689,387

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$7,076,226	$982,302	$89,274	$8,147,802
Intergovernmental	10,120,099	167,221	1,393,271	11,680,591
Interest	81,876	0	327	82,203
Charges for Services	138,159	0	347,883	486,042
Tuition and Fees	1,779,824	0	0	1,779,824
Extracurricular Activities	129,141	0	141,977	271,118
Rentals	72,207	0	0	72,207
Contributions and Donations	46,400	0	19,800	66,200
Miscellaneous	506,143	0	60	506,203
Total Revenues	19,950,075	1,149,523	1,992,592	23,092,190
Expenditures				
Current:				
Instruction:				
Regular	8,410,302	0	432,390	8,842,692
Special	2,171,955	0	266,862	2,438,817
Vocational	168,793	0	0	168,793
Student Intervention Services	643,811	0	0	643,811
Support Services:				
Pupils	991,044	0	6,812	997,856
Instructional Staff	291,188	0	17,327	308,515
Board of Education	18,574	0	0	18,574
Administration	1,466,215	0	33,132	1,499,347
Fiscal	580,082	19,175	1,739	600,996
Business	46,773	0	0	46,773
Operation and Maintenance of Plant	1,939,511	0	0	1,939,511
Pupil Transportation	1,163,069	0	40,000	1,203,069
Central	261,209	0	5,400	266,609
Extracurricular Activities	493,708	0	170,563	664,271
Operation of Non-Instructional Services:				
Food Service Operations	0	0	808,216	808,216
Other Non-Instructional Services	401,766	0	4,693	406,459
Capital Outlay	658,770	0	65,450	724,220
Debt Service:				
Principal Retirement	150,000	459,192	0	609,192
Interest and Fiscal Charges	29,250	438,531	0	467,781
Capital Appreciation Bonds Interest	0	145,808	0	145,808
Total Expenditures	19,886,020	1,062,706	1,852,584	22,801,310
Excess of Revenues Over (Under) Expenditures	64,055	86,817	140,008	290,880
Other Financing Sources (Uses)				
Lease Purchase Obligation Issued	672,754	0	0	672,754
Transfers In	0	0	1,936	1,936
Transfers Out	(1,936)	0	0	(1,936)
Total Other Financing Sources (Uses)	670,818	0	1,936	672,754
Net Change in Fund Balances	734,873	86,817	141,944	963,634
Fund Balances Beginning of Year	1,448,076	547,882	862,108	2,858,066
Fund Balances End of Year	$2,182,949	$634,699	$1,004,052	$3,821,700

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds		$963,634
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	751,493	
Current Year Depreciation	(2,079,428)	
Total		(1,327,935)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	24,654	
Intergovernmental	16,625	
Tuition and Fees	36,965	
Total		78,244
Other financing sources, such as the light lease purchase in the governmental funds increase long-term liabilities in the statement of net position.		(672,754)
Repayment of bond principal as well as capital appreciation bond accretion are expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	455,000	
Capital Appreciation Bonds	150,000	
Lease Purchase	150,000	
Total		755,000
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest	(2,305)	
Amortization of Accretion	(416,102)	
Amortization of Bond Premium	120,505	
Amortization of Bond Discount	(4,354)	
Amortization of Deferred Charge on Refunding	(84,295)	
Total		(386,551)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(384,421)	
Vacation Benefits Payable	52,247	
Total		(332,174)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,519,835	
OPEB	68,953	
Total		1,588,788
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
Pension	(1,495,646)	
OPEB	2,366,080	
Total		870,434
Change in Net Position of Governmental Activities		$1,536,686

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$6,601,890	$7,037,937	$7,037,937	$0
Intergovernmental	9,849,717	10,165,033	10,165,033	0
Interest	26,315	85,615	85,615	0
Charges for Services	134,497	138,159	138,159	0
Tuition and Fees	1,594,989	1,791,174	1,791,174	0
Extracurricular Activities	77,979	103,035	103,035	0
Rentals	106,461	68,254	68,254	0
Contributions and Donations	6,151	36,432	36,432	0
Miscellaneous	343,888	492,463	492,463	0
Total Revenues	18,741,887	19,918,102	19,918,102	0
Expenditures				
Current:				
Instruction:				
Regular	8,351,906	8,349,005	8,348,997	8
Special	1,948,729	2,080,796	2,080,796	0
Vocational	163,551	168,583	168,583	0
Student Intervention Services	629,704	643,811	643,811	0
Support Services:				
Pupils	879,017	991,731	991,731	0
Instructional Staff	331,215	296,542	296,542	0
Board of Education	19,125	18,574	18,574	0
Administration	1,423,280	1,443,527	1,443,526	1
Fiscal	543,894	593,580	593,580	0
Business	40,032	46,773	46,773	0
Operation and Maintenance of Plant	1,943,858	2,038,816	2,038,816	0
Pupil Transportation	1,146,391	1,176,213	1,176,213	0
Central	270,606	266,869	266,869	0
Extracurricular Activities	467,968	474,303	474,303	0
Operation of Non-Instructional Services:				
Other Non-Instructional Services	408,773	408,232	408,232	0
Capital Outlay	0	672,707	692,524	(19,817)
Debt Service:				
Principal Retirement	145,000	150,000	150,000	
Interest and Fiscal Charges	34,044	29,250	29,250	0
Total Expenditures	18,747,093	19,849,312	19,869,120	(19,808)
Excess of Revenues Over (Under) Expenditures	(5,206)	68,790	48,982	(19,808)
Other Financing Sources (Uses)				
Proceeds of Lease Purchase Obligation	0	672,754	672,754	0
Advances In	0	2,683	2,683	0
Advances Out	0	(18,699)	(18,699)	0
Transfers Out	0	(1,936)	(1,936)	0
Total Other Financing Sources (Uses)	0	654,802	654,802	0
Net Change in Fund Balance	(5,206)	723,592	703,784	(19,808)
Fund Balance Beginning of Year	3,091,941	3,091,941	3,091,941	0
Prior Year Encumbrances Appropriated	201,753	201,753	201,753	0
Fund Balance End of Year	$3,288,488	$4,017,286	$3,997,478	($19,808)

See accompanying notes to the basic financial statements

Hubbard Exempted Village School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2019

Assets	
Equity in Pooled Cash and Cash Equivalents	$108,412
Liabilities	
Due to Students	$108,412

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

Hubbard Exempted Village 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 serves an area of approximately 25 square miles in Trumbull County, including the City of Hubbard and portions of surrounding townships.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The School District ranks as the 244th largest by enrollment among the 610 public school districts in the State. The Board of Education controls the School District's K-12 campus with 3 separate instructional facilities staffed by 81 classified employees, 125 certified employees and 17 administrators who provide services to 1,937 students in grades K through 12 and other community members.

Reporting Entity

A reporting entity is composed 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 the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

> Non-public Schools – Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District is associated with two jointly governed organizations, a related organization and an insurance purchasing pool. These organizations are the Northeast Ohio Management Information Network, the Trumbull County Career and Technical Center, the Hubbard Public Library, and the Ohio Schools Council Workers' Compensation Group Retrospective Rating Program. These organizations are presented in Notes 14, 15 and 16 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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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 statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 limited exceptions. 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 fund 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. Fiduciary funds are reported by type.

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. In reporting its financial activities, the School District uses two categories of funds: governmental 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 liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund The bond retirement fund accounts and report tax levies that are restricted for the repayment of general obligation bonds of the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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. The School District had no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities and OHSAA tournament activities.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 and the statement presented for the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified 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 of resources, 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 fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 7). 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 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement 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 include a deferred charge on refunding and for pension and OPEB plans. 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 17 and 18.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. 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 Pension of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18)

Pensions/Other Postemployment Benefits (OPEB) For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to fiscal year-end, the School District passed an amended appropriation measure which closely matched appropriations to expenditures plus encumbrances in the majority of categories.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2019, investments were limited to repurchase agreements and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to $81,876, of which $22,535 was assigned from other School District funds.

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

Restricted Assets

Assets reported as restricted when limitations on their use change in nature or normal understanding of the availability of the net asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside as unclaimed monies.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. 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. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars with the exception of land as land was listed regardless of cost. 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 and construction in progress is depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	10 - 45 years
Buildings and Improvements	10 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 20 years

Interfund Balances

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

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. The School District records a liability for all accumulated unused vacation time when earned for all employees. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 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 and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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.

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 the highest level 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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants, auxiliary services and extracurricular activities.

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bonds discounts are expended as other financing uses in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

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.

Note 3 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable				
Inventory	$0	$0	$1,286	$1,286
Prepaid Items	35,039	0	0	35,039
Unclaimed Funds	14,605	0	0	14,605
Total Nonspendable	49,644	0	1,286	50,930
Restricted for				
Debt Service Payments	$0	$634,699	$0	$634,699
Capital Improvements	0	0	33,737	33,737
Classroom Facilities Maintenance	0	0	983,096	983,096
Technology Improvements	0	0	1,524	1,524
Student Instruction	0	0	12,905	12,905
Remedial Reading	0	0	440	440
Total Restricted	0	634,699	1,031,702	1,666,401
Committed to				
Purchases on Order - Capital Outlay	33,754	0	0	33,754
Underground Storage Unit	0	0	11,000	11,000
College Scholarships	0	0	55,729	55,729
Total Committed	33,754	0	66,729	100,483
Assigned to				
Purchases on Order				
Support Services	26,273	0	0	26,273
Community Services	1,136	0	0	1,136
Extracurricular Activities	287	0	0	287
Other Purposes	51,094	0	0	51,094
Total Assigned	78,790	0	0	78,790
Unassigned (Deficit)	2,020,761	0	(95,665)	1,925,096
Total Fund Balances	$2,182,949	$634,699	$1,004,052	$3,821,700

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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

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

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

4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Budgetary revenues and expenditures of the public school support funds are reclassified to the general fund for GAAP Reporting.

6. Investments are reported at cost (budget) rather than fair value (GAAP).

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

Net Change in Fund Balance

	General
GAAP Basis	$734,873
Net Adjustment for Revenue Accruals	(84,421)
Advances In	2,683
Beginning Fair Value Adjustment for Investments	(1,030)
Ending Fair Value Adjustment for Investments	1,338
Net Adjustment for Expenditure Accruals	656,343
Perspective Difference:	
Public School Support	1,036
Advances Out	(18,699)
Encumbrances	(588,339)
Budget Basis	$703,784

Note 5 – Accountability and Compliance

Accountability

Fund balances at June 30, 2019, included the following individual non-major fund deficits:

Special Revenue Funds	
Food Service	$24,805
Athletics	3,039
Title VI-B	29,968
Title I	32,124
Title II-A	4,443

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

Compliance

The general fund had expenditures plus encumbrances in excess of appropriations, contrary to Ohio Revised Code Section 5705.41 in the amount of $19,817.

Management has indicated that cash and appropriations will be closely monitored to prevent future violations.

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bond and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2019, $1,232 of the School District's total bank balance of $4,433,324 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 58.65 percent resulting in the uninsured and uncollateralized balance.

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

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody Rating	Percent of Total Investments
Cost				
Repurchase Agreements	$960,316	Less than 30 days	Aaa	43.28 %
Fair Value - Level One Inputs				
Negotiable Certificate of Deposits	$1,258,338	Less than two years	NA	56.72
Total Investments	$2,218,654			

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 chart identifies the School District's recurring fair value measurements as of June 30, 2019. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk. The Moody's ratings of the School Districts investments are listed in the table above. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer.

Note 7 – 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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2019, 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 were levied to finance current fiscal year operations are 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 – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2019, was $70,015 in the general fund, $9,762 in the bond retirement fund and $884 in the classroom facilities fund. The amount available as an advance at June 30, 2018, was $31,726 in the general fund and $4,720 in the bond retirement fund and $436 in the classroom facilities fund.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$206,220,070	96.35%	$206,717,130	96.24%
Public Utility Personal	7,801,740	3.65	8,074,520	3.76
Total	$214,021,810	100.00%	$214,791,650	100.00%
Full Tax Rate per $1,000 of assessed valuation	$62.85		$62.90	

Note 8 – Tax Abatements

School District property taxes were reduced as follows under enterprise zone agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2019 Taxes Abated
Enterprise Zone Agreement:	
The City of Hubbard	$11,734

Note 9 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts (rent and student fees) 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Title I	$74,464
Ohio Bureau of Worker's Compensation Rebates	61,106
Title VI-B	46,590
School Foundation FY 2018 Adjustment	36,965
Improving Teacher Quality	12,416
School Employee Retirement System	9,957
Federal Grants	3,709
Medicaid Reimbursement	331
Total	$245,538

Note 10 – Interfund Transactions

Interfund Transfers

The general fund made transfers to other governmental funds in the amount of $1,936 to provide funding for food services and extracurricular activities.

Interfund Balances

Interfund balances at June 30, 2019, consist of an interfund receivable/payable between the general fund and the district managed student activity special revenue fund in the amount of $18,699. The loan was made to support programs and projects pending the receipt of grant money that will be used to repay the loans. This loan is expected to be repaid in one year.

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable Capital Assets				
Land	$465,910	$0	$0	$465,910
Construction in Progress	0	639,000	0	639,000
Total Nondepreciable Capital Assets	465,910	639,000	0	1,104,910
Depreciable Capital Assets				
Land Improvements	6,165,883	0	0	6,165,883
Buildings and Improvements	53,155,595	25,490	0	53,181,085
Furniture and Fixtures	1,893,158	0	(50,960)	1,842,198
Vehicles	1,561,048	87,003	0	1,648,051
Total at Historical Cost	62,775,684	112,493	(50,960)	62,837,217
Less: Accumulated Depreciation				
Land Improvements	(2,535,487)	(294,905)	0	(2,830,392)
Buildings and Improvements	(12,328,390)	(1,653,920)	0	(13,982,310)
Furniture and Fixtures	(1,022,885)	(89,462)	50,960	(1,061,387)
Vehicles	(1,402,965)	(41,141)	0	(1,444,106)
Total Accumulated Depreciation	(17,289,727)	(2,079,428) *	50,960	(19,318,195)
Depreciable Capital Assets, Net of Accumulated Depreciation	45,485,957	(1,966,935)	0	43,519,022
Governmental Activities Capital Assets, Net	$45,951,867	($1,327,935)	$0	$44,623,932

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	$1,755,117
Support Services	
Instructional Staff	1,392
Operation and Maintenance of Plant	14,953
Pupil Transportation	38,525
Extracurricular Activities	238,063
Operation of Non-Instructional Services:	
Food Service Operations	25,253
Other Non-Instructional Services	6,125
Total Depreciation Expense	$2,079,428

Note 12 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2019 were as follows:

Governmental Activities	Principal Outstanding June 30, 2018	Additions	Deductions	Principal Outstanding June 30, 2019	Amount Due in One Year
General Obligation Bonds					
2013 Classroom Facilities Improvement Refunding Bonds					
Current Interest Serial Bonds 1.00 - 3.50 %	$7,380,000	$0	$0	$7,380,000	$0
Capital Appreciation Bonds 1.25 - 2.15%	20,054	0	(4,192)	15,862	10,309
Accretion on Capital Appreciation Bonds	538,133	416,102	(145,808)	808,427	679,691
Current Interest Term Bonds 2.75 %	330,000	0	0	330,000	0
Premium on Bonds	1,299,629	0	(77,978)	1,221,651	0
Discount on Bonds	(72,565)	0	4,354	(68,211)	0
Total 2013 Classroom Facilities Improvement Bonds	9,495,251	416,102	(223,624)	9,687,729	690,000
2014 Classroom Facilities Improvement Refunding Bonds					
Current Interest Serial Bonds 1.00 - 4.00 %	6,280,000	0	(455,000)	5,825,000	0
Current Interest Term Bonds 2.25 %	100,000	0	0	100,000	20,000
Premium on Bonds	528,046	0	(42,527)	485,519	0
Total 2014 Classroom Facilities Improvement Bonds	6,908,046	0	(497,527)	6,410,519	20,000
Total General Obligation Bonds	$16,403,297	$416,102	($721,151)	$16,098,248	$710,000

Continued

Governmental Activities (Continued)	Principal Outstanding June 30, 2018	Additions	Deductions	Principal Outstanding June 30, 2019	Amount Due in One Year
Other Long-term Obligations					
Net Pension Liability:					
STRS	16,818,693	0	(1,466,651)	15,352,042	0
SERS	5,165,073	0	(126,777)	5,038,296	0
Total Net Pension Liability	21,983,766	0	(1,593,428)	20,390,338	0
Net OPEB Liability:					
STRS	2,762,354	0	(2,762,354)	0	0
SERS	2,358,154	116,684	0	2,474,838	0
Total Net OPEB Liability	5,120,508	116,684	(2,762,354)	2,474,838	0
2014 Athletics Facilities Lease Purchase Obligation	975,000	0	(150,000)	825,000	155,000
2019 LED Light Lease Purchase Obligation	0	672,754	0	672,754	94,977
Compensated Absences	1,333,633	717,848	(333,427)	1,718,054	429,529
Total Other Long-term Obligations	29,412,907	1,507,286	(4,839,209)	26,080,984	679,506
Total Governmental Activities Long-Term Liabilities	$45,816,204	$1,923,388	($5,560,360)	$42,179,232	$1,389,506

On March 14, 2013, the School District issued $8,134,991 in general obligation bonds to refund a portion of the 2007 general obligation classroom facilities improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of $7,735,000, $330,000 and $69,991, respectively. The bonds were issued for a twenty-two period with a final maturity at December 1, 2034.

The capital appreciation bonds were originally sold at a discount of $1,915,009, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2021.

The maturity amount of outstanding capital appreciation bonds is $1,385,000. The accretion recorded for fiscal year 2019 was $416,102, for a total outstanding bond liability of $824,289 at June 30, 2019.

The term bond maturing on December 1, 2031, is subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue $330,000
2025	$45,000
2026	45,000
2027	45,000
2028	45,000
2029	50,000
2030	50,000
Total Mandatory Sinking Fund Payments	280,000
Amount Due at Stated Maturity	50,000
Total	$330,000
Stated Maturity	*12/1/2031*

The refunding bonds were sold at a premium of $1,715,509. Net proceeds of $9,677,683 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, $8,135,000 of these bonds is considered defeased and the liability for the refund portion of these bonds has been removed from the School District's financial statements.

On October 8, 2013, the School District issued $1,520,000 lease purchase obligations (LPOs), for use in acquiring, constructing and installing improvements to athletic facilities and equipment. The LPOs issuance included issuance costs of $20,000. The LPOs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The LPOs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Huntington National Bank, and then leased back to the School District. The LPOs were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for ten successive one year term through June 30, 2024, subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 3.25 percent. The School District has the option to purchase the Project Facilities on any Lease Payment Date on and after December 1, 2018, by paying the amount necessary to defease the Indenture.

Annual base rent requirements to retire the lease purchase obligations outstanding at June 30, 2019, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$249,977	$42,329	$292,306
2021	250,134	33,239	283,373
2022	257,513	25,547	283,060
2023	264,956	17,628	282,584
2024	272,463	9,482	281,945
2025 -2029	202,711	5,386	208,097
Total	$1,497,754	$133,611	$1,631,365

On December 18, 2014, the School District issued $6,614,998 in general obligation bonds to refund a portion of 2007 general obligation classroom facilities improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amounts $6,510,000, $100,000 and $4,998, respectively. The bonds were issued for a sixteen period with a final maturity at December 1, 2030.

The term bond maturing on December 1, 2023, is subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue $100,000
2020	$20,000
2021	20,000
2022	20,000
2023	20,000
Total Mandatory Sinking Fund Payments	80,000
Amount Due at Stated Maturity	20,000
Total	$100,000
Stated Maturity	*12/1/2023*

The refunding bonds were sold at a premium of $680,436. Net proceeds of $7,176,825 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, $6,615,000 of these bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the School District's financial statements.

The general obligation classroom facilities bonds will be paid from the bond retirement debt service fund. The athletics facilities lease purchase obligation will be paid from the general fund. The compensated absences will be paid from the general fund and the food service, auxiliary services, title VI-B and title I special revenue funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the following funds: the general fund, the food service, title VI-B, title I and title II-A special revenue funds. For additional information related to the net pension liability see Note 17 and 18.

The overall debt margin of the School District as of June 30, 2019, was $6,315,085 with an unvoted debt margin of $214,792. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

	General Obligation Bonds - Classroom Facilities Bonds					
Fiscal Year	Serial		Capital Appreciation		Term	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2020	$0	$422,658	$10,309	679,691	$20,000	$11,099
2021	0	422,658	5,553	689,447	20,000	10,649
2022	705,000	415,607	0	0	20,000	10,199
2023	750,000	401,057	0	0	20,000	9,749
2024	775,000	385,420	0	0	20,000	9,299
2025-2029	3,920,000	1,572,630	0	0	230,000	29,837
2030-2034	5,670,000	728,854	0	0	100,000	2,750
2035	1,385,000	21,641	0	0	0	0
Total	$13,205,000	$4,370,525	$15,862	$1,369,138	$430,000	$83,582

Note 13 – Risk Management

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. During fiscal year 2019, the School District contracted with Liberty Mutual for various types of insurance. Coverage is as follows:

Coverage	Amount
Blanket Building and Contents ($5,000 Deductible)	$76,850,282
Fleet Insurance	6,000,000
Aggregate	7,000,000
General Liability - per occurrence	6,000,000
Aggregate	7,000,000

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

Worker's Compensation

For fiscal year 2019, the School District participated in the Ohio Schools Council Workers' Compensation Group Retrospective Rating Program (GRP) through Sheakley Unicomp, an insurance purchasing pool (Note 16). The intent of the program is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the program. The participating schools districts pay experience or rate based premiums to the Bureau of Workers' Compensation (BWC). The total premium for the entire group is the standard premium of the group. The BWC recalculates the group retrospective premium 12 months after the end of the policy year, based on developed incurred claim losses. If the new calculated premium is lower than the standard premium, the BWC will distribute a refund to the school districts in the group. Participation in the program is limited to school districts that can meet the Ohio Schools Council's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services for the program.

Note 14 – Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. 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 among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid $53,689 to NEOMIN during fiscal year 2019.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The Hubbard Exempted Village School District was not represented on the Governing Board during fiscal year 2019. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull County Career and Technical Center The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The center is operated under the direction of a Board consisting of one representative from each of the nineteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Trumbull County Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain financial information write to the Trumbull County Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Note 15 – Related Organization

Hubbard Public Library The Hubbard Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a seven member Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Hubbard Public Library, Lorena Williams, Director, at 436 West Liberty Street, Hubbard, Ohio 44425.

Note 16 – Insurance Purchasing Pool

The School District participates in the Ohio Schools Council Workers' Compensation Group Retrospective Rating Program, an insurance purchasing pool through Sheakley Unicomp. Each district supports the Council by paying an annual participation fee. The program was created for the purpose of reducing the cost of workers' compensation premiums.

Note 17 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 18 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $388,497 for fiscal year 2019. Of this amount $25,202 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 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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 goes 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, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $1,131,338 for fiscal year 2019. Of this amount $156,219 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.08644790%	0.07080000%	
Proportion of the Net Pension Liability Current Measurement Date	0.08797160%	0.06982087%	
Change in Proportionate Share	0.00152370%	-0.00097913%	
Proportionate Share of the Net Pension Liability	$5,038,296	$15,352,042	$20,390,338
Pension Expense	$354,446	$1,141,200	$1,495,646

At June 30, 2019, 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	$276,319	$354,372	$630,691
Changes of assumptions	113,775	2,720,672	2,834,447
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	51,660	29,558	81,218
School District contributions subsequent to the measurement date	388,497	1,131,338	1,519,835
Total Deferred Outflows of Resources	$830,251	$4,235,940	$5,066,191
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$100,258	$100,258
Net difference between projected and actual earnings on pension plan investments	139,596	930,931	1,070,527
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	91,668	957,697	1,049,365
Total Deferred Inflows of Resources	$231,264	$1,988,886	$2,220,150

$1,519,835 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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:			
2020	$350,311	$983,144	$1,333,455
2021	68,336	522,164	590,500
2022	(165,343)	(148,342)	(313,685)
2023	(42,814)	(241,250)	(284,064)
Total	$210,490	$1,115,716	$1,326,206

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 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 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members 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 most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 rebalanced uncorrelated asset classes.

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$7,096,820	$5,038,296	$3,312,362

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented as follows:

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
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 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, 2018 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 Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$22,419,636	$15,352,042	$9,370,282

Note 18 – Defined Benefit OPEB Plans

See note 17 for a description of the net OPEB liability.

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 2019, .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 2019, this amount was $21,600. 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 2019, the School District's surcharge obligation was $54,564.

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 $68,953 for fiscal year 2019. Of this amount $55,497 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, 2019, 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 (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.08786830%	0.07080000%	
Proportion of the Net OPEB Liability Current Measurement Date	0.08920680%	0.06982087%	
Change in Proportionate Share	0.00133850%	-0.00097913%	
Proportionate Share of the:			
Net OPEB Liability	$2,474,838	$0	$2,474,838
Net OPEB (Asset)	$0	($1,121,949)	($1,121,949)
OPEB Expense	$98,640	($2,464,720)	($2,366,080)

At June 30, 2019, 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	$40,398	$131,046	$171,444
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	10,490	0	10,490
School District contributions subsequent to the measurement date	68,953	0	68,953
Total Deferred Outflows of Resources	$119,841	$131,046	$250,887
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$65,368	$65,368
Changes of assumptions	222,345	1,528,745	1,751,090
Net difference between projected and actual earnings on OPEB plan investments	3,713	128,174	131,887
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	45,106	162,008	207,114
Total Deferred Inflows of Resources	$271,164	$1,884,295	$2,155,459

$68,953 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, 2020. 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:			
2020	($114,181)	($316,131)	($430,312)
2021	(88,273)	(316,131)	(404,404)
2022	(6,238)	(316,132)	(322,370)
2023	(4,657)	(287,023)	(291,680)
2024	(4,914)	(276,809)	(281,723)
Thereafter	(2,013)	(241,023)	(243,036)
Total	($220,276)	($1,753,249)	($1,973,525)

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, 2018, are presented below:

Inflation	3.00 percent
Wage Increases	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	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 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 3.62 percent, as of June 30, 2018 (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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	$3,003,021	$2,474,838	$2,056,615

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	$1,996,740	$2,474,838	$3,107,925

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 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, 2018, 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 the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended 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 projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. 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.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset 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. Also shown is the net OPEB asset 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	($961,616)	($1,121,949)	($1,256,703)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($1,249,096)	($1,121,949)	($992,823)

Note 19 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty five days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees at the end of each contract year depending upon negotiated agreements or upon termination of employment. Teachers do not earn vacation time. Administrators employed to work 260 days per year earn 20 days of vacation annually.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited amount for regular classified and certified employees. Maximum sick leave accumulation for individuals on administrative contracts varies depending on the number of days in the administrator's work year. Upon retirement, all employees receive payment for one-third of the total sick leave accumulation, up to a maximum of 100 days for classified employees and 100 days for certified employees.

Employee Benefits

The School District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. This package provides a comprehensive medical, prescription, dental and vision plan through Medical Mutual, which is administered by the Ohio School Benefits Cooperative. The traditional plan has a $300 deductible for single and a $600 deductible for family. The HSA (Health Savings Account) Plan has a $2,500 deductible for single and $5,000 deductible for family. All Employees participating in the HSA Plan receive $1,250 deposited into their HSA annually. The premiums are set up on a four - tier system.

Premiums By Plan Type	Employee Only	Employee and Spouse	Employee and Child(ren)	Family
Medical Plan - Traditional	$854.20	$1,673.98	$1,524.93	$2,344.68
Medical Plan - HSA	727.17	1,409.15	1,285.14	1,967.08
Dental Plan	31.77	55.13	68.24	101.20
Vision Plan	8.54	16.70	17.49	25.24

Employees working less than 30 hours per week are expected to pay a percentage of all health premiums based on the number of hours they work per day. All full time employees pay 11 percent for employee only or Employee plus Child(ren) coverage, and 16 percent for Employee plus spouse or Family coverage for health and dental and receive vision at 100 percent employer paid.

Note 20 – Contingencies

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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to, or liability of, the School District.

Litigation

As of June 30, 2019, the School District was not party to any legal proceedings.

Note 21 – 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 the end of the fiscal year 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 fiscal year end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2018	$0
Current Year Set-aside Requirement	353,842
Current Year Offset	(1,144,482)
Total	($790,640)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Reserve Balance as of June 30, 2019	$0

Although the School District had offsets during the fiscal year that reduced the capital improvement set-aside amounts below zero, this amount will not be used to reduce the set-aside requirements of future years.

Note 22 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and it facilitates effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were $588,339 in the general fund and $33,694 in other governmental funds.

Note 23 – Changes in Accounting Principles

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Required Supplementary Information

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

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.08797160%	0.08644790%	0.0895207%
School District's Proportionate Share of the Net Pension Liability	$5,038,296	$5,165,073	$6,552,089
School District's Covered Payroll	$2,881,126	$2,736,864	$2,791,400
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.87%	188.72%	234.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

(1)Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.0894857%	0.0909990%	0.0909990%
$5,106,141	$4,605,407	$5,411,418
$2,716,297	$2,644,260	$2,616,290
187.98%	174.17%	206.84%
69.16%	71.70%	65.52%

Hubbard Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1)**

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.08920680%	0.08786830%	0.09082410%
School District's Proportionate Share of the Net OPEB Liability	$2,474,838	$2,358,154	$2,588,823
School District's Covered Payroll	$2,881,126	$2,736,864	$2,791,400
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.90%	86.16%	92.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1)Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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Hubbard Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1)**

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.06982087%	0.07080000%	0.07412762%
School District's Proportionate Share of the Net Pension Liability	$15,352,042	$16,818,693	$24,812,749
School District's Covered Payroll	$7,948,214	$7,788,936	$7,772,507
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.15%	215.93%	319.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1)Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.07579336%	0.07523651%	0.07523651%
$20,947,068	$18,300,123	$21,798,987
$7,937,271	$7,634,450	$8,440,523
263.91%	239.70%	258.27%
72.10%	74.70%	69.30%

Hubbard Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio
*Last Three Fiscal Years (1)**

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06982087%	0.07080000%	0.07412762%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($1,121,949)	$2,762,354	$3,964,364
School District's Covered Payroll	$7,948,214	$7,788,936	$7,772,507
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-14.12%	35.47%	51.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1)Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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Hubbard Exempted Village School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$388,497	$388,952	$383,161	$390,796
Contributions in Relation to the Contractually Required Contribution	(388,497)	(388,952)	(259,811)	(260,836)
Contribution Deficiency (Excess)	$0	$0	$123,350	$129,960
School District Covered Payroll (1)	$2,877,756	$2,881,126	$2,736,864	$2,791,400
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	68,953	62,419	48,555	46,407
Contributions in Relation to the Contractually Required Contribution	(68,953)	(62,419)	(48,555)	(46,407)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.40%	2.17%	1.77%	1.66%
Total Contributions as a Percentage of Covered Payroll (2)	15.90%	15.67%	15.77%	15.66%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$358,008	$366,494	$362,095	$352,998	$332,851	$351,363
(358,008)	(366,494)	(178,934)	(352,998)	(332,851)	(351,363)
$0	$0	$183,161	$0	$0	$0
$2,716,300	$2,644,260	$2,616,290	$2,624,520	$2,647,976	$2,595,000
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
69,943	50,258	51,571	55,964	77,009	58,237
(69,943)	(50,258)	(51,571)	(55,964)	(77,009)	(58,237)
$0	$0	$0	$0	$0	$0
2.57%	1.90%	1.97%	2.13%	2.91%	2.24%
15.75%	15.76%	15.81%	15.58%	15.48%	15.78%

Hubbard Exempted Village School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$1,131,338	$1,112,750	$1,090,451	$1,088,151
Contributions in Relation to the Contractually Required Contribution	(1,131,338)	(1,112,750)	(1,090,451)	(1,088,151)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$8,080,986	$7,948,214	$7,788,936	$7,772,507
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
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
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$1,111,218	$992,479	$1,097,268	$1,129,575	$1,182,375	$1,141,567
(1,111,218)	(992,479)	(1,097,268)	(1,129,575)	(1,182,375)	(1,141,567)
$0	$0	$0	$0	$0	$0
$7,937,271	$7,634,450	$8,440,523	$8,689,038	$9,095,192	$8,781,285
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$76,344	$84,405	$86,890	$90,952	$87,813
0	(76,344)	(84,405)	(86,890)	(90,952)	(87,813)
$0	$0	$0	$0	$0	$0
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2019	3.62 percent
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 2019	3.70 percent
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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	70,389
National School Lunch Program	10.555	354,624
Direct Program:		
Non-Cash Assistance:		
National School Lunch Program	10.555	71,811
Total U.S. Department of Agriculture and Nutrition Cluster		**496,824**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education:		
Title I Grants to Local Educational Agencies	84.010	42,633
Title I Grants to Local Educational Agencies	84.010	302,393
Total Title I Part A Grants to Local Educational Agencies		345,026
Special Education Cluster:		
Special Education Grants to States	84.027	18,859
Special Education Grants to States	84.027	322,240
Special Education Preschool Grants	84.173	1,605
Total Special Education Cluster		342,704
Improving Teacher Quality State Grants	84.367	8,438
Improving Teacher Quality State Grants	84.367	62,811
Total Improving Teacher Quality State Grants		71,249
Student Support and Academic Enrichment Program	84.424	29,905
Total U.S. Department of Education		**788,884**
Total Expenditures of Federal Awards		**$1,285,708**

The accompanying notes are an integral part of this schedule.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hubbard Exempted Village School District (the District's) under programs of the federal government for the year ended June 30, 2019. 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 net position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Hubbard Exempted Village School District
Trumbull County
108 Orchard Ave
Hubbard, Ohio 44425

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 Hubbard Exempted Village School District, Trumbull County, (the District) as of and for the year ended June 30, 2019, 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 22, 2020.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

January 22, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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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

Hubbard Exempted Village School District
Trumbull County
108 Orchard Ave
Hubbard, Ohio 44425

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Hubbard Exempted Village 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 Hubbard Exempted Village School District's major federal program for the year ended June 30, 2019. 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 program.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Hubbard Exempted Village 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, 2019.

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

Keith Faber
Auditor of State

Columbus, Ohio Auditor of State

January 22, 2020

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA #84.010 Title I Grants to Local Education Agencies
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

TRUMBULL 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 13, 2020