OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
LOGAN COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
LOGAN COUNTY
JUNE 30, 2019

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KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Ohio Hi-Point Joint Vocational School District
Logan County
2280 State Route 540
Bellefontaine, Ohio 43311

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 Ohio Hi-Point Joint Vocational School District, Logan County, Ohio (the District), as of and for the fiscal 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 Ohio Hi-Point Joint Vocational School District, Logan County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, required budgetary comparison schedule 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 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

Keith Faber
Auditor of State
Columbus, Ohio

April 24, 2020

The discussion and analysis of Ohio Hi-Point Joint Vocational School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position of governmental activities increased $2,089,484 which represents a 42% increase from 2018.

- General revenues accounted for $15,940,646 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $1,044,185 or 6% of total revenues of $16,984,831.

- The District had $14,895,347 in expenses related to governmental activities; $1,044,185 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $15,940,646 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows of resources,* and *liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – All of the District's programs and services are reported here including instruction, support services and operation of non-instructional services.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District programs. These funds use the accrual basis of accounting.

The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2019 compared to 2018:

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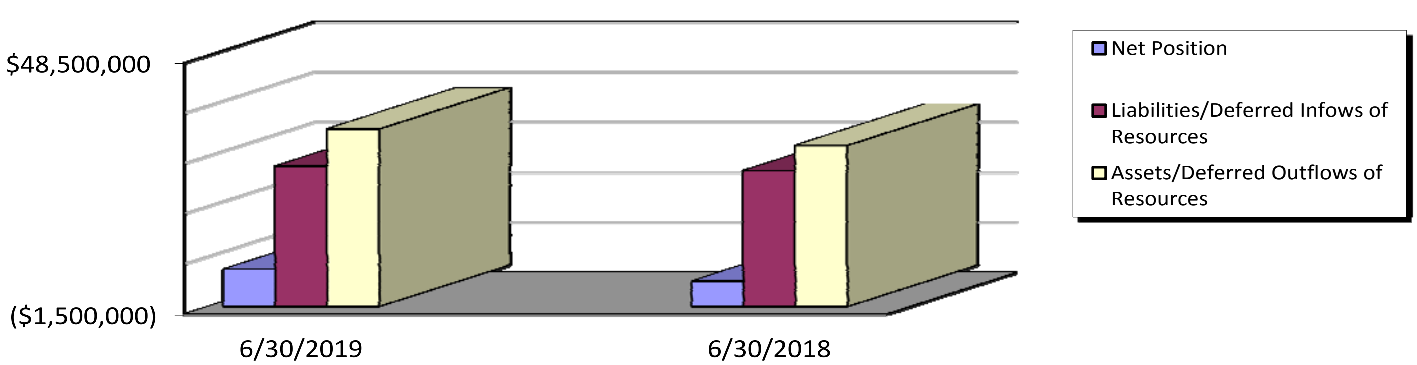
Table 1
Net Position

	Governmental Activities	
	2019	2018
Assets:		
Current and Other Assets	$20,045,219	$17,059,652
Net OPEB Asset	868,467	0
Capital Assets	8,905,310	8,897,735
Total Assets	29,818,996	25,957,387
Deferred Outflows of Resources:		
OPEB	343,234	300,276
Pension	4,878,394	5,778,539
Total Deferred Outflows of Resources	5,221,628	6,078,815
Liabilities:		
Other Liabilities	961,623	775,885
Long-Term Liabilities	17,020,698	19,582,332
Total Liabilities	17,982,321	20,358,217
Deferred Inflows of Resources:		
Grants and Other Taxes	2,224	7,440
Property Taxes	7,570,403	5,678,681
OPEB	1,460,254	373,700
Pension	902,187	584,413
Total Deferred Inflows of Resources	9,935,068	6,644,234
Net Position:		
Net Investment in Capital Assets	8,871,971	8,831,063
Restricted	1,574,493	94,677
Unrestricted	(3,323,229)	(3,891,989)
Total Net Position	$7,123,235	$5,033,751



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $7,123,235.

At year-end, capital assets represented 30% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2019, was $8,871,971. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $1,574,493 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets increased slightly mainly due to current year asset additions being more than current year depreciation. Long-Term Liabilities decreased due to the decrease in Net Pension Liability and Net OPEB Liability.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

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Table 2
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues		
Charges for Services	$626,067	$695,665
Operating Grants, Contributions	418,118	317,398
General Revenues:		
Property Taxes	7,697,296	6,161,228
Grants and Entitlements	7,685,687	7,530,088
Investment Earnings	302,622	65,570
Other Revenues and Unrestricted Contributions	255,041	885,472
Total Revenues	16,984,831	15,655,421
Program Expenses:		
Instruction	8,957,553	5,504,438
Support Services:		
Pupil and Instructional Staff	1,611,843	790,843
School Administrative, General Administration, Fiscal and Business	1,942,531	1,143,774
Operations and Maintenance	1,399,164	1,190,094
Pupil Transportation	73,862	60,254
Central	682,577	560,229
Operation of Non-Instructional Services	227,817	154,615
Total Program Expenses	14,895,347	9,404,247
Change in Net Position	2,089,484	6,251,174
Net Position - Beginning of Year	5,033,751	(1,217,423)
Net Position - End of Year	$7,123,235	$5,033,751

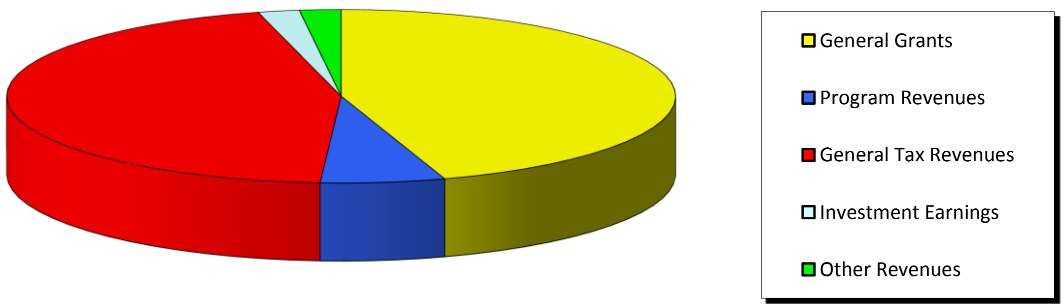
The change in net position of $2,089,484 indicates that the District's revenues exceeded expenses in fiscal year 2019.

Governmental Activities

The District's revenues are mainly from two sources. Property taxes levied for general and capital project purposes and grants and entitlements comprised 91% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The District has a 2.0 mill continuing levy. The District always collects 2.0 mills on the valuation and they do get inflationary increases. Property taxes made up 45% of revenue for governmental activities for the District in fiscal year 2019.

	2019	Percentage
General Grants	$7,685,687	45%
Program Revenues	1,044,185	6%
General Tax Revenues	7,697,296	45%
Investment Earnings	302,622	2%
Other Revenues	255,041	2%
Total Revenue Sources	$16,984,831	100.0%



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	$8,957,553	$5,504,438	$8,493,272	$5,008,832
Support Services:				
Pupil and Instructional Staff	1,611,843	790,843	1,368,506	599,236
School Administrative, General Administration, Fiscal and Business	1,942,531	1,143,774	1,925,555	1,141,974
Operations and Maintenance	1,399,164	1,190,094	1,307,141	1,112,114
Pupil Transportation	73,862	60,254	73,862	60,254
Central	682,577	560,229	682,577	560,229
Operation of Non-Instructional Services	227,817	154,615	249	(91,455)
Total Expenses	$14,895,347	$9,404,247	$13,851,162	$8,391,184

Instruction comprises 60% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses were 2%. Expenses increased from 2018 to 2019 mainly due to the increase in regular and vocational expenses.

The District's Funds

The District has two major governmental funds: the General Fund and the Permanent Improvement Fund. Assets of these funds comprised $19,901,780 (99%) of the total $20,109,409 governmental funds' assets.

General Fund: Fund balance at June 30, 2019 was $9,421,448, a decrease in fund balance of $384,166 from 2018. The fund balance decreased from 2018 to 2019 due to a decrease in property tax and other revenues.

Permanent Improvement Fund: Fund balance at June 30, 2019 was $1,337,880, an increase in fund balance of $1,135,392 from 2018. The fund balance increased due to an increase in property tax revenues received from 2018 to 2019.

General Fund Budgeting Highlights

The 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 District amended its general fund budget numerous times, however no amendments were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budget basis expenditures were $16,391,229 (excluding advances and transfers out), compared to the original budget expenditures of $16,391,229 (excluding advances and transfers out). The original budgeted amount equaled the final budgeted amount mainly due to careful estimates made by management. The final budget basis revenue (excluding advances in and proceeds from sale of capital assets) was $14,305,612, compared to original budget revenue (excluding advances in and proceeds from sale of capital assets) estimates of $14,305,612.

The District's General Fund ending unobligated cash balance was $8,092,564, which is $1,406,474 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had $8,905,310 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

Table 4
Capital Assets

	Governmental Activities	
	2019	2018
Land	$629,204	$629,204
Construction in Progress	313,609	37,722
Buildings and Improvements	5,474,624	5,749,664
Equipment	2,487,873	2,481,145
Total Net Capital Assets	$8,905,310	$8,897,735

Capital assets increased from the prior year due to additions during fiscal year exceeding depreciation for 2019.

See Note 6 in the notes to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2019, the District had $33,339 in outstanding debt, $33,339 due within one year. Table 5 summarizes loans outstanding at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2019	2018
ODE Construction/Equipment Loan	$33,339	$66,672
Total Outstanding Debt	$33,339	$66,672

See Note 7 in the notes to the basic financial statements for further details on the District's outstanding debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Ohio Hi-Point Joint Vocational School District, 2280 State Route 540, Bellefontaine, Ohio 43311.

Ohio Hi-Point Joint Vocational School District
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$10,478,674
Receivables (Net):	
Taxes	9,354,239
Accounts	124,056
Interest	31,295
Intergovernmental	53,820
Prepaid	510
Inventory	2,625
Net OPEB Asset	868,467
Nondepreciable Capital Assets	942,813
Depreciable Capital Assets, Net	7,962,497
Total Assets	29,818,996
Deferred Outflows of Resources:	
Pension	4,878,394
OPEB	343,234
Total Deferred Outflows of Resources	5,221,628
Liabilities:	
Accounts Payable	35,943
Accrued Wages and Benefits	830,680
Contracts Payable	95,000
Long-Term Liabilities:	
Due Within One Year	157,975
Due In More Than One Year:	
Net Pension Liability	14,628,809
Net OPEB Liability	1,294,752
Other Amounts	939,162
Total Liabilities	17,982,321
Deferred Inflows of Resources:	
Property Taxes	7,570,403
Grants and Other Taxes	2,224
Pension	902,187
OPEB	1,460,254
Total Deferred Inflows of Resources	9,935,068
Net Position:	
Net Investment in Capital Assets	8,871,971
Restricted for:	
Capital Projects	1,471,298
State Grants	10,176
Food Services	72,459
Other Purposes	20,560
Unrestricted	(3,323,229)
Total Net Position	$7,123,235

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$1,268,215	$0	$62,529	($1,205,686)
Special	478,904	0	0	(478,904)
Vocational	6,810,880	1,941	0	(6,808,939)
Adult/Continuing	378,193	399,811	0	21,618
Other	21,361	0	0	(21,361)
Support Services:				
Pupil	792,397	0	226,077	(566,320)
Instructional Staff	819,446	0	17,260	(802,186)
General Administration	41,551	0	0	(41,551)
School Administration	862,391	0	0	(862,391)
Fiscal	310,087	0	0	(310,087)
Business	728,502	0	16,976	(711,526)
Operations and Maintenance	1,399,164	92,023	0	(1,307,141)
Pupil Transportation	73,862	0	0	(73,862)
Central	682,577	0	0	(682,577)
Operation of Non-Instructional Service	227,817	132,292	95,276	(249)
Totals	$14,895,347	$626,067	$418,118	(13,851,162)

General Revenues:	
Property Taxes Levied for:	
General Purposes	6,089,699
Capital Projects Purposes	1,607,597
Grants and Entitlements, Not Restricted	7,685,687
Revenue in Lieu of Taxes	2,224
Unrestricted Contributions	172,018
Investment Earnings	302,622
Other Revenues	80,799
Total General Revenues	15,940,646
Change in Net Position	2,089,484
Net Position - Beginning of Year	5,033,751
Net Position - End of Year	$7,123,235

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$9,184,771	$1,140,962	$152,941	$10,478,674
Receivables (Net):				
Taxes	7,120,821	2,233,418	0	9,354,239
Accounts	123,610	0	446	124,056
Interest	31,295	0	0	31,295
Intergovernmental	2,224	0	51,596	53,820
Interfund	64,190	0	0	64,190
Prepaid	489	0	21	510
Inventory	0	0	2,625	2,625
Total Assets	16,527,400	3,374,380	207,629	20,109,409
Liabilities:				
Accounts Payable	35,943	0	0	35,943
Accrued Wages and Benefits	790,484	0	40,196	830,680
Contracts Payable	0	95,000	0	95,000
Interfund Payable	0	0	64,190	64,190
Total Liabilities	826,427	95,000	104,386	1,025,813
Deferred Inflows of Resources:				
Property Taxes	5,762,321	1,808,082	0	7,570,403
Grants and Other Taxes	2,224	0	51,596	53,820
Unavailable	500,180	133,418	0	633,598
Investment Earnings	14,800	0	0	14,800
Total Deferred Inflows of Resources	6,279,525	1,941,500	51,596	8,272,621
Fund Balances:				
Nonspendable	489	0	21	510
Restricted	0	1,337,880	111,092	1,448,972
Committed	228,073	0	0	228,073
Assigned	1,349,998	0	0	1,349,998
Unassigned	7,842,888	0	(59,466)	7,783,422
Total Fund Balances	9,421,448	1,337,880	51,647	10,810,975
Total Liabilities, Deferred Inflows and Fund Balances	$16,527,400	$3,374,380	$207,629	$20,109,409

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balance		$10,810,975
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.		
Capital assets used in the operation of Governmental Funds		8,905,310
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	565,239	
Interest	14,800	
Intergovernmental	51,596	
Other Receivables	68,359	
		699,994
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,063,798)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,878,394	
Deferred inflows of resources related to pensions	(902,187)	
Deferred outflows of resources related to OPEB	343,234	
Deferred inflows of resources related to OPEB	(1,460,254)	
		2,859,187
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	868,467	
Net Pension Liability	(14,628,809)	
Net OPEB Liability	(1,294,752)	
Other Amounts	(33,339)	
		(15,088,433)
Net Position of Governmental Activities		$7,123,235

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	$6,065,658	$1,474,179	$0	$7,539,837
Tuition and Fees	394,753	0	0	394,753
Investment Earnings	302,361	0	1,757	304,118
Intergovernmental	7,667,745	17,942	422,954	8,108,641
Charges for Services	0	0	132,292	132,292
Revenue in Lieu of Taxes	2,224	0	0	2,224
Other Revenues	317,457	0	14,106	331,563
Total Revenues	14,750,198	1,492,121	571,109	16,813,428
Expenditures:				
Current:				
Instruction:				
Regular	1,386,728	0	15,406	1,402,134
Special	521,362	0	0	521,362
Vocational	7,135,161	0	15,957	7,151,118
Adult/Continuing	336,459	0	0	336,459
Other	1,249	0	0	1,249
Support Services:				
Pupil	589,913	0	275,597	865,510
Instructional Staff	874,736	0	24,098	898,834
General Administration	46,127	0	0	46,127
School Administration	955,690	0	0	955,690
Fiscal	318,418	0	0	318,418
Business	671,532	52,841	6,800	731,173
Operations and Maintenance	1,437,971	0	0	1,437,971
Pupil Transportation	42,604	0	0	42,604
Central	753,834	0	0	753,834
Operation of Non-Instructional Services	6,877	0	229,281	236,158
Capital Outlay	10,759	328,888	0	339,647
Debt Service:				
Principal Retirement	33,333	0	0	33,333
Total Expenditures	15,122,753	381,729	567,139	16,071,621
Excess of Revenues Over (Under) Expenditures	(372,555)	1,110,392	3,970	741,807
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	13,389	0	0	13,389
Transfers In	0	25,000	0	25,000
Transfers (Out)	(25,000)	0	0	(25,000)
Total Other Financing Sources (Uses)	(11,611)	25,000	0	13,389
Net Change in Fund Balance	(384,166)	1,135,392	3,970	755,196
Fund Balance - Beginning of Year	9,805,614	202,488	47,677	10,055,779
Fund Balance - End of Year	$9,421,448	$1,337,880	$51,647	$10,810,975

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds		$755,196
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	624,316	
Depreciation Expense	(616,628)	
		7,688
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		(113)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activites, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension and OPEB expense.		
District pension contributions	1,147,787	
Pension Expense	(1,739,389)	
District OPEB contributions	19,876	
OPEB Expense	1,804,847	
		1,233,121
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	157,460	
Interest	(1,496)	
Intergovernmental	(4,836)	
Other	6,999	
		158,127
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		33,333
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		(97,868)
Change in Net Position of Governmental Activities		$2,089,484

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$14,258	$215,866
Total Assets	14,258	215,866
Liabilities:		
Accounts Payable	0	9,685
Other Liabilities	0	206,181
Total Liabilities	0	$215,866
Net Position:		
Held in Trust	14,258	
Total Net Position	$14,258	

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions:	
Donations	$8,178
Total Additions	8,178
Deductions:	
Scholarships	6,800
Total Deductions	6,800
Change in Net Position	1,378
Net Position - Beginning of Year	12,880
Net Position - End of Year	$14,258

See accompanying notes to the basic financial statements.

Note 1 - Description of the District

Ohio Hi-Point Joint Vocational School District (the District) is a district of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating districts' elected boards, which possesses its own budgeting and taxing authority. The District exposes students to job training leading to employment upon graduation from high school. Ohio Hi-Point Joint Vocational School District includes fourteen member schools throughout Logan, Hardin, Champaign, Union and Auglaize counties. There are three representatives from two educational service centers that serve on the board.

The District was established on January 27, 1970. It is staffed by approximately 29 non-certified employees and approximately 100 certified full-time teaching personnel who provide services to more than 4,000 high school and middle school students.

Reporting Entity

A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Ohio Hi-Point Joint Vocational School District, this includes general operations, food service, adult education and student related activities of the District.

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

The District is associated with one jointly governed organization and two insurance purchasing pools. These organizations are:

Jointly Governed Organization:
- Western Ohio Computer Organization

Insurance Purchasing Pools:
- Logan County School Employee Consortium
- Northern Buckeye Educational Council Workers' Compensation Group Rating Plan

These organizations and the District's participation are discussed in Notes 12 and 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 most significant of the District's accounting policies are described below.

Measurement Focus

Government-wide Financial Statements

The 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.

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 District.

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 current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

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

Permanent Improvement Fund – The permanent improvement fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements.

Fiduciary Funds

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension and OPEB are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

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 District, deferred inflows of resources include property taxes, grants and other taxes, investment earnings, unavailable, OPEB, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance year 2020 operations. Property taxes, and grants and other taxes have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Investment earnings and unavailable have been recorded as deferred inflows on the governmental-fund financial statements. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

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. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board 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 $302,361 and $1,757 in other governmental funds.

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 the purchase and expenditure/expense is reported in the year in which the 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 food held for resale and consumable supplies.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars ($5,000).

The 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 are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

Description	Estimated Lives
Building and Improvements	10 - 50 years
Equipment	5 - 20 years

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Employees may accumulate up to 220 sick days.

Each employee upon retirement with a minimum of five (5) years Ohio Hi Point Vocational School employment shall receive severance payment, based upon the employee's rate of pay at retirement, equal to 27.5%, 30% or 33%, depending on service of the employee's accumulated, but unused sick leave at retirement up to a maximum accrual of 220 days or a maximum of 72.6 days severance payment.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

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 position have been determined on the same basis as they are reported by the pension/OPEB plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Net Position

Net position represent the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's $1,574,493 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

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.

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

> Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.
>
> Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.
>
> Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.
>
> Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.
>
> Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

The 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.

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.

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, and contractually required pension and OPEB contributions 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 year. Long-term loans are recognized as a liability on the governmental 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 payments of those benefits.

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two-five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies held by the 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

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

8. Certain bankers' acceptances 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.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, $1,032,959 of the District's bank balance of $1,437,296 was exposed to custodial credit risk because it was uninsured and collateralized.

The 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 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% 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% of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
STAR Ohio	$1,056,129	N/A	0.00
Negotiable CDs	4,414,859	Level 2	3.33
Federal Home Loan Mortgage Corporation	1,000,948	Level 1	1.23
Federal National Mortgage Association (FNMA)	918,729	Level 1	1.92
Federal Home Loan Bank	229,124	Level 1	1.50
Federal Farm Credit Bank	475,014	Level 1	3.02
Commercial Paper	497,440	Level 2	0.21
Treasury Bills	742,050	Level 2	0.53
Money Market Funds	29,552	N/A	0.00
Total Fair Value	$9,363,845		
Portfolio Weighted Average Maturity			2.35

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2019. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the maturity of its individual investments to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Mortgage Corporation, Federal Home

Loan Bank, Federal Farm Credit Bank and Federal National Mortgage Association and Treasury Bills were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Commercial Paper was rated A-1+ by Standard & Poor's. Investments in STAR Ohio were rated AAAm by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested a total of 28% in Federal Home Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, and Federal Farm Credit Bank investments, 5% in Commercial Paper, 8% in Treasury Bills, 11% in STAR Ohio, 47% in Negotiable CD's, and 1% in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are registered in the name of the District. The District does not have a policy for custodial credit risk.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from the County. The County Auditor periodically advances to the 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 for advance can vary based on the date the tax bills are sent.

On a full-accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at June 30, 2019. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations.

The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not intended to finance current year operations. The District receives taxes from Logan, Hardin, Champaign, Union, Madison, Allen, Shelby, Wyandot and Auglaize counties.

The assessed value, by property classification, upon which taxes collected in 2019 were based as follows:

	Amount
Public Utility	$221,510,630
Real Estate	3,258,860,960
Total	$3,480,371,590

Note 5 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts, intergovernmental grants, interfund and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	$2,224
Other Governmental Funds:	
Vocational Education	51,596
Total	$53,820

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$629,204	$0	$0	$629,204
Construction in Progress	37,722	275,887	0	313,609
Capital Assets, being depreciated:				
Buildings and Improvements	12,674,771	0	0	12,674,771
Equipment	6,651,528	348,429	51,633	6,948,324
Totals at Historical Cost	19,993,225	624,316	51,633	20,565,908
Less Accumulated Depreciation:				
Buildings and Improvements	6,925,107	275,040	0	7,200,147
Equipment	4,170,383	341,588	51,520	4,460,451
Total Accumulated Depreciation	11,095,490	616,628	51,520	11,660,598
Governmental Activities Capital Assets, Net	$8,897,735	$7,688	($113)	$8,905,310

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$444,973
Adult/Continuing	57,945
Support Services:	
Pupil	907
Instructional Staff	336
School Administration	522
Fiscal	1,334
Business	12,396
Operations and Maintenance	10,936
Pupil Transportation	32,292
Central	46,165
Operation of Non-Instructional Services	8,822
Total Depreciation Expense	$616,628

Note 7 - Long-Term Liabilities

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

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
ODE Construction/Equipment Loan	$66,672	$0	$33,333	$33,339	$33,339
Subtotal Loan	66,672	0	33,333	33,339	33,339
Compensated Absences	965,930	205,614	107,746	1,063,798	124,636
Subtotal Loan and Other Amounts	1,032,602	205,614	141,079	1,097,137	157,975
Net Pension Liability:					
STRS	12,375,462	0	491,916	11,883,546	0
SERS	2,879,664	0	134,401	2,745,263	0
Total Net Pension Liability	15,255,126	0	626,317	14,628,809	0
Net OPEB Liability:					
STRS	2,032,585	0	2,032,585	0 (a)	0
SERS	1,262,019	32,733	0	1,294,752	0
Total Net OPEB Liability	3,294,604	32,733	2,032,585	1,294,752	0
Total Long-Term Obligations	$19,582,332	$238,347	$2,799,981	$17,020,698	$157,975

(a) OPEB for STRS has a Net OPEB asset in the amount of $868,467 as of June 30, 2019.

There is no repayment schedule for the net pension liability and net OPEB; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$33,339	$0	$33,339
Total	$33,339	$0	$33,339

ODE Construction/Equipment Loan – On April 25, 2005, the District received a loan for $500,000. A portion of the loan proceeds has been used to purchase equipment under the authority of House Bill 66 and the District still holds a portion of the loan proceeds in the Permanent Improvement Fund. The loan was issued for a fifteen-year period at 0% with final maturity during fiscal year 2021. The debt will be retired from the general fund.

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and 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 and OPEB are 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 District's proportionate share of each pension and OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions and OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB Statements No. 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 long-term net pension/OPEB liability (asset) 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 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 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 contractually required contribution to SERS was $212,222 for fiscal year 2019. Of this amount $0 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description
District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 contractually required contribution to STRS was $935,565 for fiscal year 2019. Of this amount $0 is reported as accrued wages and benefits.

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 District's proportion of the net pension liability was based on the 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
Proportionate Share of the Net Pension Liability	$2,745,263	$11,883,546	$14,628,809
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04793390%	0.05404620%	
Prior Measurement Date	0.04819700%	0.05209577%	
Change in Proportionate Share	-0.00026310%	0.00195043%	
Pension Expense	$198,696	$1,540,693	$1,739,389

At June 30, 2019, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$150,560	$274,309	$424,869
Changes of assumptions	61,994	2,105,988	2,167,982
Changes in employer proportionate share of net pension liability	24,876	1,112,880	1,137,756
Contributions subsequent to the measurement date	212,222	935,565	1,147,787
Total Deferred Outflows of Resources	$449,652	$4,428,742	$4,878,394
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$77,606	$77,606
Net difference between projected and actual earnings on pension plan investments	76,063	720,605	796,668
Changes in employer proportionate share of net pension liability	27,913	0	27,913
Total Deferred Inflows of Resources	$103,976	$798,211	$902,187

$1,147,787 reported as deferred outflows of resources related to pension resulting from 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	$207,734	$1,444,009	$1,651,743
2021	39,141	992,651	1,031,792
2022	(90,093)	339,847	249,754
2023	(23,328)	(81,541)	(104,869)
Total	$133,454	$2,694,966	$2,828,420

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%
Future Salary Increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments 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 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%
Proportionate share of the net pension liability	$3,866,910	$2,745,263	$1,804,837

Assumption and Benefit Changes Since the Prior Measurement Date
With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

<u>Actuarial Assumptions - STRS</u>

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

Inflation	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, 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 Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 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 the rates 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 payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what 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 discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	$17,354,354	$11,883,546	$7,253,249

Assumption and Benefit Changes since the Prior Measurement Date
There were no changes in assumptions or benefit terms since the prior measurement date.

Note 9 - Defined Benefit OPEB Plans

See note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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 District's surcharge obligation was $12,016.

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 contractually required contribution to SERS was $19,876 for fiscal year 2019. Of this amount $12,016 is reported as accrued wages and benefits.

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 (Assets), OPEB Expense (Income), 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 District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	$1,294,752	$0	$1,294,752
Proportionate Share of the Net OPEB (Asset)	0	(868,467)	(868,467)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04667000%	0.05404620%	
Prior Measurement Date	0.04702470%	0.05209577%	
Change in Proportionate Share	-0.00035470%	0.00195043%	
OPEB Expense	$41,592	($1,846,439)	($1,804,847)

At June 30, 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$21,135	$101,439	$122,574
Changes in employer proportionate share of net OPEB liability	2,975	197,809	200,784
Contributions subsequent to the measurement date	19,876	0	19,876
Total Deferred Outflows of Resources	$43,986	$299,248	$343,234
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$50,600	$50,600
Changes of assumptions	116,324	1,183,355	1,299,679
Net difference between projected and actual earnings on OPEB plan investments	1,943	99,215	101,158
Changes in employer proportionate share of net OPEB liability	8,817	0	8,817
Total Deferred Inflows of Resources	$127,084	$1,333,170	$1,460,254

$19,876 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	($47,281)	($183,281)	($230,562)
2021	(37,351)	(183,282)	(220,633)
2022	(5,908)	(183,282)	(189,190)
2023	(5,081)	(160,749)	(165,830)
2024	(5,215)	(152,845)	(158,060)
Thereafter	(2,138)	(170,483)	(172,621)
Total	($102,974)	($1,033,922)	($1,136,896)

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%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62%
Prior Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70%
Prior Measurement Date	3.63%
Medical Trend Assumption:	
Medicare	5.375% to 4.75%
Pre-Medicare	7.25% to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 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 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 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). 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 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	$1,571,080	$1,294,752	$1,075,952

	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%)
Proportionate share of the net OPEB liability	$1,044,627	$1,294,752	$1,625,962

Assumption and Benefit Changes since the Prior Measurement Date

The following changes in key methods and assumptions as presented below:

(1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate
Prescription Drug:	
Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% 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.

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

Discount Rate
The discount rate used to measure the total OPEB liability was 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 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%)
Proportionate share of the net OPEB (asset)	($744,358)	($868,467)	($972,775)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	($966,887)	($868,467)	($768,514)

Assumption and Benefit Changes 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.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 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.

Note 10 - Contingent Liabilities

School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2019 Foundation funding for the District. This resulted in a foundation receivable of $1,910 from ODE.

Grants

The District receives significant financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement 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, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2019.

Litigation

The District is currently not party to any pending litigation.

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's vehicles are covered under a business policy with the Cincinnati Insurance Company, which carries a $2,500 deductible and a $1,000,000 limit on any accident. Settled claims have not exceeded this commercial coverage in any of the past five years.

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2019, the District contracted with the Ohio School Plan for general liability insurance with a $7,000,000 single occurrence and a $9,000,000 aggregate. Building and business personal property is protected by the Cincinnati Insurance Company and has a $2,500 deductible. The District insures electronic data processing equipment in the amount of $500,000 and electronic data processing media in the amount of $106,250. The District's deductible for electronic data processing is $1,000.

Settled claims have not exceeded this commercial coverage in any of the past six years.

Workers' Compensation

For fiscal year 2019, the District participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

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

Note 12 - Jointly Governed Organization

Western Ohio Computer Organization (WOCO) - The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization was formed for the purpose of applying modem technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Financial information can be obtained from the Director, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14 and 61, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board.

Note 13 - Insurance Pools

Northern Buckeye Education Council Workers' Compensation Group Rating Plan – The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the "Plan") was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the Northern Buckeye Education Council and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

Logan County School Employee Consortium – The District participates in the Logan County School Employee Consortium; a public entity shared risk pool consisting of three local school districts, one joint vocational school district and the Midwest Regional Educationsal Service Center. The District pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. As of January 1, 2014, this plan became self insured. On January 1, 2015, the Logan County School Employee Consortium formed a regional council of governments (the "COG") for the purpose of providing benefits through a self-funded insurance pool. The COG collects premiums from the Logan County School Employee Consortium participants and pays a third-party administrator to process the claims. Financial information can be obtained by contacting the Recording Secretary, Logan County School Employee Consortium, 2280 State Route 540, Bellefontaine, Ohio 43311.

Note 14 – Accountability

The following individual funds had a deficit in fund balance at year end:

Fund	Deficit
Vocational Education	$59,448

The deficit in fund balances can be due to accruals in GAAP. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 15 - Statutory Reserves

The 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. The District utilizes the House Bill 412 calculation for the Capital Improvements set-aside. Amounts not spent by year-end or offset by similar restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2018	$0
Current Year Set Aside Requirements	175,821
Current Year Offsets	(930,068)
Total	(754,247)
Set Aside Balance Carried Forward to Future Years	$0

Note 16 - Interfund Transactions

Interfund transactions at June 30, 2019, consisted of the following transfers in and out as well as interfund fund receivables and payables:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$64,190	$0	$0	$25,000
Permanent Improvement	0	0	25,000	0
Other Governmental Funds	0	64,190	0	0
Total All Funds	$64,190	$64,190	$25,000	$25,000

Transfers to Other Governmental Funds were to pay for District copiers.

Interfund balances are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 17 – Fund Balances

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

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Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
Nonspendable:				
Prepaids	$489	$0	$21	$510
Total Nonspendable	489	0	21	510
Restricted for:				
Other Grants	0	0	20,560	20,560
Miscellaneous State Grants	0	0	10,176	10,176
Food Service	0	0	80,356	80,356
Permanent Improvement	0	1,337,880	0	1,337,880
Total Restricted	0	1,337,880	111,092	1,448,972
Committed to:				
Termination Benefits	228,073	0	0	228,073
Total Committed	228,073	0	0	228,073
Assigned to:				
Public Schools	1,092	0	0	1,092
Budgetary Resource	929,243	0	0	929,243
Encumbrances	419,663	0	0	419,663
Total Assigned	1,349,998	0	0	1,349,998
Unassigned (Deficit)	7,842,888	0	(59,466)	7,783,422
Total Fund Balance	$9,421,448	$1,337,880	$51,647	$10,810,975

Note 18 – Tax Abatements Entered Into by Other Governments

Other governments entered into property tax abatement agreements with property owners under the Enterprise Zone ("EZ") program with the taxing districts of the District. The EZ program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, Union County, Hardin County, Champaign County and Logan County has entered into such an agreement. Under this agreement (using the latest information available) the District's property taxes were reduced by approximately $61,958, $7,111, $25,676 and $47,402 respectively. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

Note 19 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the following have been implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this

Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve 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. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

Note 20 – Subsequent Events

The district issued $34,000,000 in bonds on August 29, 2019 for the building project. The term of the loan is 38 years. At this time they entered into a lease agreement with the Bellfontaine Finance Authority (the Local Port Authority) to use the Finance Authority's name on the bonds. The handling fee to use the name is $5000/year. Huntington Bank is the trustee for the principal and interest payments.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Required Supplementary Information

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.04793390%	$2,745,263	$1,559,644	176.02%	71.36%
2018	0.04819700%	2,879,664	1,598,914	180.10%	69.50%
2017	0.04871000%	3,565,123	1,464,357	243.46%	62.98%
2016	0.04649530%	2,653,067	1,440,190	184.22%	69.16%
2015	0.04896900%	2,478,293	1,437,316	172.43%	71.70%
2014	0.04896900%	2,912,902	1,551,792	187.71%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of District's Contributions for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	$212,222	($212,222)	$0	$1,572,015	13.50%
2018	210,552	(210,552)	0	1,559,644	13.50%
2017	223,848	(223,848)	0	1,598,914	14.00%
2016	205,010	(205,010)	0	1,464,357	14.00%
2015	189,817	(189,817)	0	1,440,190	13.18%
2014	199,212	(199,212)	0	1,437,316	13.86%
2013	214,768	(214,768)	0	1,551,792	13.84%
2012	184,432	(184,432)	0	1,371,242	13.45%
2011	161,211	(161,211)	0	1,282,506	12.57%
2010	161,100	(161,100)	0	1,189,808	13.54%

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.05404620%	$11,883,546	$6,124,771	194.02%	77.30%
2018	0.05209577%	12,375,462	5,410,671	228.72%	75.30%
2017	0.04873702%	16,313,749	5,153,236	316.57%	66.80%
2016	0.04773516%	13,192,602	5,007,507	263.46%	72.10%
2015	0.04568183%	11,111,402	5,026,454	221.06%	74.70%
2014	0.04568183%	13,200,184	5,783,477	228.24%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of District's Contributions for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	$935,565	($935,565)	$0	$6,682,607	14.00%
2018	857,468	(857,468)	0	6,124,771	14.00%
2017	757,494	(757,494)	0	5,410,671	14.00%
2016	721,453	(721,453)	0	5,153,236	14.00%
2015	701,051	(701,051)	0	5,007,507	14.00%
2014	653,439	(653,439)	0	5,026,454	13.00%
2013	751,852	(751,852)	0	5,783,477	13.00%
2012	687,084	(687,084)	0	5,285,262	13.00%
2011	720,238	(720,238)	0	5,540,292	13.00%
2010	705,802	(705,802)	0	5,429,246	13.00%

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2019	0.04667000%	$1,294,752	$1,559,644	83.02%	13.57%
2018	0.04702470%	1,262,019	1,598,914	78.93%	12.46%
2017	0.04680140%	1,334,021	1,464,357	91.10%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of District's Contributions for Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	$19,876	($19,876)	$0	$1,572,015	1.26%
2018	24,311	(24,311)	0	1,559,644	1.56%
2017	16,915	(16,915)	0	1,598,914	1.06%
2016	12,695	(12,695)	0	1,464,357	0.87%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2019	0.05404620%	($868,467)	$6,124,771	(14.18%)	176.00%
2018	0.05209577%	2,032,585	5,410,671	37.57%	47.10%
2017	0.04873702%	2,606,469	5,153,236	50.58%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Ohio Hi-Point JVSD
Required Supplementary Information
Schedule of District's Contributions for Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2019	$0	$0	$0	$6,682,607	0.00%
2018	0	0	0	6,124,771	0.00%
2017	0	0	0	5,410,671	0.00%
2016	0	0	0	5,153,236	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Ohio Hi-Point Joint Vocational School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$6,145,952	$6,145,952	$6,151,522	$5,570
Tuition and Fees	1,939	1,939	1,941	2
Investment Earnings	192,784	192,784	192,959	175
Intergovernmental	7,660,803	7,660,803	7,667,745	6,942
Other Revenues	304,134	304,134	304,410	276
Total Revenues	14,305,612	14,305,612	14,318,577	12,965
Expenditures:				
Current:				
Instruction:				
Regular	1,510,067	1,510,067	1,382,448	127,619
Special	572,755	572,755	524,350	48,405
Vocational	7,787,512	7,787,512	7,129,373	658,139
Support Services:				
Pupil	652,727	652,727	597,564	55,163
Instructional Staff	960,785	960,785	879,587	81,198
General Administration	56,824	56,824	52,022	4,802
School Administration	1,113,833	1,113,833	1,019,701	94,132
Fiscal	364,381	364,381	333,586	30,795
Business	708,451	708,451	648,578	59,873
Operations and Maintenance	1,622,640	1,622,640	1,485,507	137,133
Pupil Transportation	48,251	48,251	44,173	4,078
Central	838,026	838,026	767,203	70,823
Capital Outlay	118,567	118,567	108,547	10,020
Debt Service:				
Principal Retirement	36,410	36,410	33,333	3,077
Total Expenditures	16,391,229	16,391,229	15,005,972	1,385,257
Excess of Revenues Over (Under) Expenditures	(2,085,617)	(2,085,617)	(687,395)	1,398,222
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	13,377	13,377	13,389	12
Advances In	59,552	59,552	59,606	54
Advances (Out)	(69,553)	(69,553)	(63,675)	5,878
Transfers (Out)	(27,308)	(27,308)	(25,000)	2,308
Total Other Financing Sources (Uses)	(23,932)	(23,932)	(15,680)	8,252
Net Change in Fund Balance	(2,109,549)	(2,109,549)	(703,075)	1,406,474
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	8,795,639	8,795,639	8,795,639	0
Fund Balance - End of Year	$6,686,090	$6,686,090	$8,092,564	$1,406,474

See accompanying notes to the required supplementary information.

Note 1 - Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the five year forecast and "voted and unvoted debt outside the $10 mill limit", the appropriations resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The five year forecast demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and function level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2019.

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

While the 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as restricted, assigned, or committed.

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

Net Change in Fund Balance:

	General Fund
GAAP Basis	($384,166)
Revenue Accruals	(431,621)
Expenditure Accruals	554,964
Advances In	59,606
Advances (Out)	(63,675)
Encumbrances	(438,183)
Budget Basis	($703,075)

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:
2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2018-2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2019: There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:
2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:
2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% 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.

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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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OHIO AUDITOR OF STATE
KEITH FABER

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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*

Ohio Hi-Point Joint Vocational School District
Logan County
2280 State Route 540
Bellefontaine, Ohio 43311

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 Ohio Hi-Point Joint Vocational School District, Logan County, (the District) as of and for the fiscal 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 April 24, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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

April 24, 2020

SCHEDULE OF FINDINGS
JUNE 30, 2019

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

FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

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

The following errors were identified in the financial statements:

- The receivable amounts for the Perkins Grants and School Safety Grants were overstated due to the amounts received prior to June 30, 2019 not being factored in to the calculation of the receivable amount. This error resulted in the overstatement, in the amount of $274,222, of the intergovernmental receivable on the Statement of Net Position and the operating grants and contributions on the Statement of Activities. Also, intergovernmental receivable and deferred inflows of resources for grants and other taxes for the Other Governmental Funds on the Balance Sheet – Governmental Funds were overstated by $274,222.
- The Permanent Improvement Fund Balance was classified as committed on the financial statements instead of restricted. During 2019, the District's Permanent Improvement fund began collecting proceeds from a voter approved permanent improvement levy and the balance in the permanent improvement fund as of June 30, 2019, was derived from the levy, rather than from transfers-in from the General fund, as it had been in the past. GASB Statement No. 54, paragraph 8, (GASB Codification 1800.168) – *Fund Balance Reporting and Governmental Fund Type Definitions,* states the restricted fund balance classification is used when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

The accompanying financial statements have been adjusted to correct these errors.

In addition to the items above, we also identified an additional misstatement in the amount of $366,806 which did not require adjustment to the basic financial statements and which has been brought to the District's attention.

The lack of a control(s) and/or procedure(s) requiring a final review of the financial statements and supporting documentation prior to filing the financial statements may have contributed to the failure to detect the above mentioned errors. The failure to properly classify financial activity in the basic financial statements may impact the users' understanding of the financial operations, the Board's and management's ability to make financial decisions, and could result in materially misstated reports.

The District should implement additional procedures to provide assurance over the accuracy of information reported within the financial statements and to assist in the effective management and reporting of financial resources.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

2280 State Route 540
Bellefontaine, Ohio 43311
Phone: 937.599.3010

OHIO HI-POINT
Career Center

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	**Significant Deficiency – Financial Reporting:** Intergovernmental receivables and deferred inflows of resources were overstated.	Not Corrected – repeated as Finding 2019-001	I have contacted OHP's conversion firm in an effort to address this issue and not repeat it in the future.

OHIO AUDITOR OF STATE
KEITH FABER

OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT

LOGAN 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
MAY 19, 2020