TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Toronto City School District
Jefferson County
1307 Dennis Way
Toronto, Ohio 43964

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 Toronto City School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Toronto City School District, Jefferson County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

January 14, 2020

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

Financial Highlights

- Net position increased in fiscal year 2019 due mainly to changes in the net pension and net OPEB liabilities (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities as well as an increase in capital assets associated with the ongoing school construction. The increase in net position was partially offset by an increase in contracts payable also specifically associated with the ongoing school construction and the decrease in the intergovernmental receivable associated with the State share of the Ohio Facilities Construction Commission (OFCC) grant award for construction.

- Total program expenses increased in fiscal year 2019 due to changes in the net pension liability and net OPEB liability (asset) that are the result of the School District's adjusting proportionate share of the total State-wide liabilities (asset) for both pension and OPEB across retirement systems.

- The School District's major capital asset additions include construction in progress on the new school building as well as a playground, HVAC system, equipment and a transit van.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

Proprietary Fund The School District maintains an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

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

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

Government-wide Financial Analysis

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

(Table 1)
Net Position
Governmental Activities

	2019	2018	Change
Assets			
Current and Other Assets	$19,759,240	$20,925,386	($1,166,146)
Net OPEB Asset	466,243	0	466,243
Capital Assets, Net	22,547,541	18,208,090	4,339,451
Total Assets	42,773,024	39,133,476	3,639,548
Deferred Outflows of Resources			
Deferred Charge on Refunding	223,644	231,953	(8,309)
Pension	2,227,938	2,815,361	(587,423)
OPEB	118,682	106,711	11,971
Total Deferred Outflows of Resources	2,570,264	3,154,025	(583,761)
Liabilities			
Current Liabilities	1,917,732	831,744	(1,085,988)
Long-Term Liabilities			
Due within One Year	151,332	128,307	(23,025)
Due in More than One Year			
Net Pension Liability	8,337,538	8,878,658	541,120
Net OPEB Liability	961,945	2,053,747	1,091,802
Other Amounts	8,346,241	8,448,020	101,779
Total Liabilities	19,714,788	20,340,476	625,688
Deferred Inflows of Resources			
Property Taxes	2,583,575	2,356,011	(227,564)
Pension	576,728	447,115	(129,613)
OPEB	821,311	236,389	(584,922)
Total Deferred Inflows of Resources	3,981,614	3,039,515	(942,099)
Net Position			
Net Investment in Capital Assets	13,969,015	10,391,119	3,577,896
Restricted for:			
Capital Projects	6,089,640	9,940,120	(3,850,480)
Debt Service	1,370,411	1,015,442	354,969
Other Purposes	536,640	443,370	93,270
Unrestricted (Deficit)	(318,820)	(2,882,541)	2,563,721
Total Net Position	$21,646,886	$18,907,510	$2,739,376

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

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

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

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

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

The largest component of the increase in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). As a result of these changes, pension expense decreased from $1,007,030 in fiscal year 2017 to a negative pension expense of $2,670,692 for fiscal year 2018. For fiscal year 2019, pension expense increased to $806,932, which is closer to the 2017 pension expense amount.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to intergovernmental receivables, capital assets, current liabilities and the changes from net pension/OPEB changes noted above. The intergovernmental receivable decrease was the result of the School District reducing the overall State share grant award by what was actually collected through fiscal year 2019. Current liabilities increased due to the contracts payable associated with the construction of the school building completed but not paid as of fiscal year-end. Capital assets increased specific to the construction in progress on the school building.

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

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

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

(Table 2)
Change in Net Position
Governmental Activities

	2019	2018	Change
Revenues			
Program Revenues			
Charges for Services and Sales	$1,166,319	$1,157,519	$8,800
Operating Grants and Contributions	1,497,359	1,508,535	(11,176)
Capital Grants and Contributions	30,000	0	30,000
Total Program Revenues	2,693,678	2,666,054	27,624
General Revenues			
Property Taxes	2,851,746	2,242,459	609,287
Grants and Entitlements not Restricted	6,684,302	12,577,856	(5,893,554)
Unrestricted Contributions	5,509	14,664	(9,155)
Investment Earnings	57,239	22,825	34,414
Miscellaneous	98,985	49,653	49,332
Total General Revenues	9,697,781	14,907,457	(5,209,676)
Total Revenues	12,391,459	17,573,511	(5,182,052)
Program Expenses			
Current:			
Instruction:			
Regular	4,066,544	1,995,336	(2,071,208)
Special	1,282,282	933,839	(348,443)
Vocational	42,305	12,806	(29,499)
Support Services:			
Pupils	293,660	235,159	(58,501)
Instructional Staff	84,166	57,629	(26,537)
Board of Education	13,995	8,991	(5,004)
Administration	935,890	700,002	(235,888)
Fiscal	361,118	285,926	(75,192)
Business	79,895	85,452	5,557
Operation and Maintenance of Plant	965,806	905,745	(60,061)
Pupil Transportation	197,619	132,976	(64,643)
Central	57,617	73,753	16,136
Extracurricular Activities	469,664	303,469	(166,195)
Operation of Non-Instructional Services:			
Food Service Operations	408,670	413,159	4,489
Other Non-Instructional Services	20,370	23,607	3,237
Interest and Fiscal Charges	372,482	392,429	19,947
Total Program Expenses	9,652,083	6,560,278	(3,091,805)
Change in Net Position	2,739,376	11,013,233	(8,273,857)
Net Position Beginning of Year	18,907,510	7,894,277	11,013,233
Net Position End of Year	$21,646,886	$18,907,510	$2,739,376

Analysis of overall financial position and results of operations

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2019. Charges for services and sales along with operating grants remained relatively static from the prior year. Capital grants and contributions are directly attributed to a donation for renovations and improvements to the baseball facility. General revenues decreased in fiscal year 2019 primarily resulting from decreased grants and entitlements received as a larger portion of the OFCC grant monies receivable was realized and reduced related to the school construction.

Program expenses increased in fiscal year 2019 due to changes in the net pension liability and net OPEB liability. As mentioned previously, changes in the net pension liability, net OPEB liability (asset) and associated deferred outflows/inflows are the result of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems. Program expenses excluding amounts related to the net pension and net OPEB liabilities (assets) increased due to capital outlay costs associated with ongoing school building construction.

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The grants and entitlements not restricted can be partially attributed to the School District actively seeking out additional sources of Federal and State funding to ensure the programs important to the community are maintained.

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

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

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$5,391,131	$3,541,327	$2,941,981	$966,945
Support Services:				
Pupils and Instructional Staff	377,826	361,156	292,788	283,674
Board of Education, Administration Fiscal and Business	1,390,898	1,200,107	1,080,371	940,662
Operation and Maintenance of Plant	965,806	939,858	905,745	879,622
Pupil Transportation	197,619	179,120	132,976	126,701
Central	57,617	52,362	73,753	73,753
Extracurricular Activities	469,664	207,680	303,469	132,782
Operation of Non-Instructional Services:				
Food Service Operations	408,670	84,423	413,159	74,049
Other Non-Instructional Services	20,370	19,890	23,607	23,607
Interest and Fiscal Charges	372,482	372,482	392,429	392,429
Total Expenses	$9,652,083	$6,958,405	$6,560,278	$3,894,224

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

Financial Analysis of the Government's Funds

Governmental Fund Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance primarily due to increases in property tax revenues directly attributable to an assessed valuation increase of over $10 million. Intergovernmental revenue increased due to the School District seeking out additional funding sources. General fund expenditures also increased but remained far below revenue collections within the fund. The bond retirement fund balance increased from the prior fiscal year due to property tax collections outpacing the debt obligations due in fiscal year 2019. The classroom facilities capital projects fund realized a significant portion of the OFCC grant award specific to construction, which caused the fund to be major in fiscal year 2019.

General Fund Budgeting Highlights

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

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

For the general fund, the final budget basis revenue estimate was lower than the original budget estimate. The difference can be attributed to the administration making adjustments for currently known information. These revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations. Actual revenue was higher than final budget basis revenue predominantly due to intergovernmental receipts which come in the form of foundation settlements directly attributable to student counts as a primary factor. The final budget appropriations were marginally different from the original budget appropriations of the general fund. Actual expenditures and other financing uses were lower than final budget appropriations due to the School District keeping spending in control while ensuring the programs important to the community are maintained.

Capital Assets and Long-term Liabilities

Capital Assets

During fiscal year 2019, the School District's capital asset additions included construction in progress on the new school building as well as a playground, HVAC system, equipment and a transit van. Please refer to Note 11 within the Notes to the Basic Financial Statements for further information on capital assets.

Debt

On December 20, 2010, the School District issued school facilities and school improvement bonds for the purpose of constructing, furnishing and equipping a new middle/high school building as well as various other improvement to existing school buildings. The bonds include capital appreciation (deep discount) bonds, Build America Term bonds and qualified school construction term bonds. The bonds were issued at a premium. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 100 percent of the corresponding interest payable on the qualified school construction term bonds. During fiscal year 2014, the Build America Term bonds were removed from the School District through a refunding debt issuance. The capital appreciation bonds were retired in full in fiscal year 2018. The bonds were originally issued for a thirty-five year period with final maturity now at December 1, 2029. The bonds will be retired from the bond retirement debt service fund.

On June 2, 2014, the School District issued general obligation bonds to refund a portion of the 2010 general obligation classroom facilities and school improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds. The bonds were issued at a premium. The bonds were issued for a thirty-two year period with a final maturity at December 1, 2045. The serial bonds were retired in full during fiscal year 2016. The capital appreciation bonds were originally sold at a discount, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2031. The serial bonds were retired in full during fiscal year 2016.

As of June 30, 2019, the School District's overall legal debt margin was $0 with an unvoted debt margin of $93,188. Please refer to Note 17 within the Notes to the Basic Financial Statements for further information on debt.

Current Financial Related Activities

Toronto is a small residential community of approximately 4,800 people along the Ohio River in Eastern Ohio. Its major business is TIMET, a worldwide producer/distributor of titanium sheet metal products. Many of its residents are employed in the area gaming industry at Mountaineer Park and Wheeling Downs as well as Franciscan University of Steubenville, Trinity Health Systems and Walmart Distribution Center. It also has a number of small and medium businesses.

The School District is currently operating under HB49 funding formula. According to the fiscal year 2018 District Profile Report (fiscal year 2019 is not available) prepared by the Ohio Department of Education, seventeen percent of the School District's revenue sources are from local funds, sixty-three percent is from State funds, seven percent is from Federal funds and the remaining thirteen percent is from other. The total expenditures per pupil were calculated at $8,127.

Over the past several years, the School District has remained in a good financial position. In May 1995, the School District passed a 5 mill five-year operating levy. Voters have continued to approve a replacement of the levy. The replacement levy generates $418,444 annually. The last collection on that levy will occur in calendar year 2020. This levy provides a source of funds for the financial operations and stability of the School District. However, future finances are not without challenges as our community changes. Some of these challenges are in the future long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Coleen Wickham, Treasurer at Toronto City School District, 1307 Dennis Way, Toronto, Ohio 43964.

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Toronto City School District

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$11,856,922
Cash and Cash Equivalents With Fiscal Agents	2,928,717
Accounts Receivable	422
Intergovernmental Receivable	1,933,970
Inventory Held for Resale	4,913
Materials and Supplies Inventory	3,104
Property Taxes Receivable	3,031,192
Net OPEB Asset (Note 15)	466,243
Nondepreciable Capital Assets	5,248,295
Depreciable Capital Assets, Net	17,299,246
Total Assets	42,773,024
Deferred Outflows of Resources	
Deferred Charge on Refunding	223,644
Pension	2,227,938
OPEB	118,682
Total Deferred Outflows of Resources	2,570,264
Liabilities	
Accounts Payable	8,069
Accrued Wages	752,426
Contracts Payable	850,824
Intergovernmental Payable	145,024
Accrued Interest Payable	29,850
Claims Payable	131,539
Long-Term Liabilities:	
Due Within One Year	151,332
Due in More Than One Year	
Net Pension Liability (Note 14)	8,337,538
Net OPEB Liability (Note 15)	961,945
Other Amounts	8,346,241
Total Liabilities	19,714,788
Deferred Inflows of Resources	
Property Taxes	2,583,575
Pension	576,728
OPEB	821,311
Total Deferred Inflows of Resources	3,981,614
Net Position	
Net Investment in Capital Assets	13,969,015
Restricted for:	
Capital Projects	6,089,640
Debt Service	1,370,411
Other Purposes	536,640
Unrestricted (Deficit)	(318,820)
Total Net Position	$21,646,886

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues			Net Revenue/(Expense) and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$4,066,544	$684,089	$58,044	$0	($3,324,411)
Special	1,282,282	147,443	934,415	0	(200,424)
Vocational	42,305	9,689	16,124	0	(16,492)
Support Services:					
Pupils	293,660	0	16,670	0	(276,990)
Instructional Staff	84,166	0	0	0	(84,166)
Board of Education	13,995	0	0	0	(13,995)
Administration	935,890	594	100,518	0	(834,778)
Fiscal	361,118	0	0	0	(361,118)
Business	79,895	89,679	0	0	9,784
Operation and Maintenance of Plant	965,806	0	25,948	0	(939,858)
Pupil Transportation	197,619	645	17,854	0	(179,120)
Central	57,617	0	5,255	0	(52,362)
Extracurricular Activities	469,664	167,434	64,550	30,000	(207,680)
Operation of Non-Instructional Services:					
Food Service Operations	408,670	66,746	257,501	0	(84,423)
Other Non-Instructional Services	20,370	0	480	0	(19,890)
Interest and Fiscal Charges	372,482	0	0	0	(372,482)
Totals	$9,652,083	$1,166,319	$1,497,359	$30,000	(6,958,405)

General Revenues	
Property Taxes Levied for:	
General Purposes	2,170,373
Debt Service	642,927
Classroom Facilities	38,446
Grants and Entitlements not Restricted to Specific Programs	6,684,302
Unrestricted Contributions	5,509
Investment Earnings	57,239
Miscellaneous	98,985
Total General Revenues	9,697,781
Change in Net Position	2,739,376
Net Position Beginning of Year	18,907,510
Net Position End of Year	$21,646,886

See accompanying notes to the basic financial statements

Toronto City School District
Balance Sheet
Governmental Funds
June 30, 2019

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$5,190,796	$1,362,861	$4,335,812	$967,453	$11,856,922
Property Taxes Receivable	2,318,558	672,708	0	39,926	3,031,192
Accounts Receivable	422	0	0	0	422
Intergovernmental Receivable	50,344	0	1,726,659	156,967	1,933,970
Interfund Receivable	23,811	0	0	0	23,811
Inventory Held for Resale	0	0	0	4,913	4,913
Materials and Supplies Inventory	0	0	0	3,104	3,104
Total Assets	$7,583,931	$2,035,569	$6,062,471	$1,172,363	$16,854,334
Liabilities					
Accounts Payable	$6,948	$0	$0	$1,121	$8,069
Accrued Wages	638,329	0	0	114,097	752,426
Contracts Payable	2,064	0	821,591	27,169	850,824
Intergovernmental Payable	139,070	0	0	5,954	145,024
Interfund Payable	0	0	0	23,811	23,811
Total Liabilities	786,411	0	821,591	172,152	1,780,154
Deferred Inflows of Resources					
Property Taxes	1,976,881	572,820	0	33,874	2,583,575
Unavailable Revenue	213,476	41,036	1,726,659	38,902	2,020,073
Total Deferred Inflows of Resources	2,190,357	613,856	1,726,659	72,776	4,603,648
Fund Balances					
Nonspendable	0	0	0	3,104	3,104
Restricted	0	1,421,713	3,514,221	544,886	5,480,820
Committed	140,000	0	0	0	140,000
Assigned	4,467,163	0	0	402,834	4,869,997
Unassigned (Deficit)	0	0	0	(23,389)	(23,389)
Total Fund Balances	4,607,163	1,421,713	3,514,221	927,435	10,470,532
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$7,583,931	$2,035,569	$6,062,471	$1,172,363	$16,854,334

See accompanying notes to the basic financial statements

Toronto City School District

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

Total Governmental Funds Balances		$10,470,532
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.		22,547,541
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	247,027	
Intergovernmental	1,762,862	
Miscellaneous	10,184	
Total		2,020,073
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	466,243	
Deferred Outflows - Pension	2,227,938	
Deferred Outflows - OPEB	118,682	
Net Pension Liability	(8,337,538)	
Net OPEB Liability	(961,945)	
Deferred Inflows - Pension	(576,728)	
Deferred Inflows - OPEB	(821,311)	
Total		(7,884,659)
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,797,178
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.		(29,850)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(8,078,265)	
Compensated Absences	(419,308)	
Deferred Charge on Refunding	223,644	
Total		(8,273,929)
Net Position of Governmental Activities		$21,646,886

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$2,187,135	$646,311	$0	$38,670	$2,872,116
Intergovernmental	6,995,811	171,577	4,336,814	981,060	12,485,262
Interest	8,397	0	0	4	8,401
Charges for Services	0	0	0	66,746	66,746
Tuition and Fees	834,044	0	0	8,416	842,460
Extracurricular Activities	89,679	0	0	167,434	257,113
Contributions and Donations	35,509	0	0	64,550	100,059
Miscellaneous	67,722	0	0	21,079	88,801
Total Revenues	10,218,297	817,888	4,336,814	1,347,959	16,720,958
Expenditures					
Current:					
Instruction:					
Regular	3,991,155	0	0	56,576	4,047,731
Special	808,630	0	0	512,889	1,321,519
Vocational	56,502	0	0	0	56,502
Support Services:					
Pupils	302,114	0	0	18,511	320,625
Instructional Staff	83,032	0	0	0	83,032
Board of Education	13,995	0	0	0	13,995
Administration	921,429	0	0	67,212	988,641
Fiscal	316,702	14,959	0	888	332,549
Business	79,038	0	0	0	79,038
Operation and Maintenance of Plant	882,652	0	0	13,587	896,239
Pupil Transportation	159,120	0	0	12,000	171,120
Central	52,362	0	0	5,255	57,617
Extracurricular Activities	206,143	0	0	202,418	408,561
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	399,530	399,530
Other Non-Instructional Services	1,565	0	0	1,788	3,353
Capital Outlay	0	0	4,699,240	319,894	5,019,134
Debt Service:					
Principal Retirement	0	90,000	0	0	90,000
Interest and Fiscal Charges	0	361,350	0	0	361,350
Total Expenditures	7,874,439	466,309	4,699,240	1,610,548	14,650,536
Excess of Revenues Over (Under) Expenditures	2,343,858	351,579	(362,426)	(262,589)	2,070,422
Other Financing Sources (Uses)					
Transfers In	0	0	0	67,000	67,000
Transfers Out	(67,000)	0	0	0	(67,000)
Total Other Financing Sources (Uses)	(67,000)	0	0	67,000	0
Net Change in Fund Balances	2,276,858	351,579	(362,426)	(195,589)	2,070,422
Fund Balances Beginning of Year	2,330,305	1,070,134	3,876,647	1,123,024	8,400,110
Fund Balances End of Year	$4,607,163	$1,421,713	$3,514,221	$927,435	$10,470,532

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds		$2,070,422
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	5,117,119	
Current Year Depreciation	(777,668)	
Total		4,339,451
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(20,370)	
Intergovernmental	(4,368,151)	
Miscellaneous	10,184	
Total		(4,378,337)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		90,000
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest	525	
Amortization of Accretion	(15,111)	
Amortization of Bond Premium	11,763	
Amortization of Deferred Charge on Refunding	(8,309)	
Total		(11,132)
Some expenses, such as compensated absences, 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.		(7,898)
The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the district wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(172,308)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	631,016	
OPEB	25,705	
Total		656,721
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(806,932)	
OPEB	959,389	
Total		152,457
Change in Net Position of Governmental Activities		$2,739,376

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$2,115,917	$2,107,239	$2,138,492	$31,253
Intergovernmental	6,912,679	6,884,327	6,986,431	102,104
Interest	8,308	8,274	8,397	123
Tuition and Fees	830,114	826,710	838,971	12,261
Contributions and Donations	35,134	34,990	35,509	519
Miscellaneous	76,396	76,385	76,420	35
Total Revenues	9,978,548	9,937,925	10,084,220	146,295
Expenditures				
Current:				
Instruction:				
Regular	7,940,038	7,899,415	3,966,923	3,932,492
Special	873,356	873,356	767,049	106,307
Vocational	134,452	134,452	72,116	62,336
Support Services:				
Pupils	332,752	332,752	294,890	37,862
Instructional Staff	79,407	79,407	78,876	531
Board of Education	16,228	16,228	13,995	2,233
Administration	1,100,325	1,100,325	929,260	171,065
Fiscal	354,541	354,541	310,593	43,948
Operation and Maintenance of Plant	1,107,216	1,107,216	949,560	157,656
Pupil Transportation	373,399	373,399	191,958	181,441
Central	96,262	96,262	88,902	7,360
Extracurricular Activities	250,988	250,988	205,931	45,057
Operation of Non-Instructional Services:				
Other Non-Instructional Services	12,102	12,102	1,565	10,537
Total Expenditures	12,671,066	12,630,443	7,871,618	4,758,825
Excess of Revenues Over (Under) Expenditures	(2,692,518)	(2,692,518)	2,212,602	4,905,120
Other Financing Sources (Uses)				
Transfers Out	(67,000)	(67,000)	(67,000)	0
Net Change in Fund Balance	(2,759,518)	(2,759,518)	2,145,602	4,905,120
Fund Balance Beginning of Year	2,307,199	2,307,199	2,307,199	0
Prior Year Encumbrances Appropriated	452,319	452,319	452,319	0
Fund Balance End of Year	$0	$0	$4,905,120	$4,905,120

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2019

	Self Insurance
Assets	
Cash and Cash Equivalents With Fiscal Agents	$2,928,717
Liabilities	
Claims Payable	131,539
Net Position	
Unrestricted	$2,797,178

See accompanying notes to the basic financial statements

Toronto City School District

Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2019

	Self Insurance
Operating Revenues	
Charges for Services	$768,184
Operating Expenses	
Purchased Services	62,727
Claims	926,603
Total Operating Expenses	989,330
Operating Income (Loss)	(221,146)
Non-Operating Revenues (Expenses)	
Interest	48,838
Net Change in Net Position	(172,308)
Net Position Beginning of Year	2,969,486
Net Position End of Year	$2,797,178

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2019

	Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	$768,184
Cash Payments for Services	(62,727)
Cash Payments for Claims	(915,996)
Net Cash Provided by (Used for) Operating Activities	(210,539)
Cash Flows from Investing Activities	
Interest on Investments	48,838
Net Increase (Decrease) in Cash and Cash Equivalents	(161,701)
Cash and Cash Equivalents Beginning of Year	3,090,418
Cash and Cash Equivalents End of Year	$2,928,717
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	($221,146)
Adjustments:	
Increase (Decrease) in Claims Payable	10,607
Net Cash Provided by (Used for) Operating Activities	($210,539)

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$22,490	$70,004
Liabilities		
Due to Students	0	$70,004
Net Position		
Held in Trust for Scholarships	$22,490	

See accompanying notes to the basic financial statements

Toronto City School District

Statement of Changes in Fiduciary Net Position

Private Purpose Trust Fund

For the Fiscal Year Ended June 30, 2019

	Scholarship
Additions	
Interest	$4
Deductions	
College Scholarships Awarded	300
Change in Net Position	(296)
Net Position Beginning of Year	22,786
Net Position End of Year	$22,490

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

Toronto City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by 3311.22 of the Ohio Revised Code

The School District operates under a locally-elected five member Board form of government and provides educational services to residents of the School District. The Board oversees the operations of the School District's two instructional/support facilities staffed by the 37 non-certified and 65 certified full-time teaching personnel who provide services to 924 students and other community members.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, the Jefferson Health Plan and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 18 and 19 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

> ***General Fund*** The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** The bond retirement debt service fund accounts for and reports tax levies that are restricted for the repayment of general obligation bonds of the School District.
>
> ***Classroom Facilities Fund*** The classroom facilities fund accounts for grants and interest received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The School District only has an internal service fund.

> ***Internal Service Fund*** This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for the operation of the School District's self-insurance program for employee medical, vision, prescription drug and dental claims.

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

Measurement Focus

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

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

The private purpose trust fund and proprietary fund are accounted for on a flow of economic resources measurement focus.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the 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. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15)

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Budgetary Data

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

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

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

Cash and Cash Equivalents

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

The School District utilizes a financial institution to service self-insurance payments as they come due. The balances in these accounts are presented in the statements as “cash and cash equivalents with fiscal agents.”

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to $8,397, none of which was assigned from other School District funds.

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

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land Improvements	15 to 30 years
Buildings and Building Improvements	30 to 50 years
Furniture, Fixtures and Equipment	5 to 20 years
Vehicles	5 to 15 years

Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

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

Interfund Balances

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

Compensated Absences

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

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

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, and are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for the payment during the current fiscal year. Bonds 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 payment of those benefits.

Net Position

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution or State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for school support and to cover a gap between estimated revenue and appropriations in fiscal year 2020’s budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Estimates

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

Note 3 – Accountability

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

Special Revenue Funds:	
Food Service	$17,931
Title VI-B	3,557
Special Education Preschool	554
Reducing Class Size	1,347

The special revenue funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 4 – Fund Balances

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

Fund Balances	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
Nonspendable					
Materials and Supplies Inventory	$0	$0	$0	$3,104	$3,104
Restricted for					
Instructional Services	0	0	0	8,490	8,490
Scholarships	0	0	0	60,582	60,582
Athletics	0	0	0	69,723	69,723
Classroom Facilities Maintenance	0	0	0	392,611	392,611
Preschool	0	0	0	13,480	13,480
Debt Service Payments	0	1,421,713	0	0	1,421,713
Capital Improvements	0	0	3,514,221	0	3,514,221
Total Restricted	0	1,421,713	3,514,221	544,886	5,480,820
Committed to					
Lawn Care	2,712	0	0	0	2,712
Education Services	12,964	0	0	0	12,964
Technical Support Services	124,324	0	0	0	124,324
Total Committed	140,000	0	0	0	140,000
Assigned to					
Capital Improvements	0	0	0	402,834	402,834
School Support	42,128	0	0	0	42,128
Fiscal Year 2020 Operations	4,303,232	0	0	0	4,303,232
Purchases on Order:					
Instruction	76,394	0	0	0	76,394
Support Services	45,409	0	0	0	45,409
Total Assigned	4,467,163	0	0	402,834	4,869,997
Unassigned (Deficit)	0	0	0	(23,389)	(23,389)
Total Fund Balances	$4,607,163	$1,421,713	$3,514,221	$927,435	$10,470,532

Note 5 – Budgetary Basis of Accounting

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

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

2. Budgetary revenues and expenditures of the public school support funds are classified to the general fund for GAAP reporting purposes.

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

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

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

Net Change in Fund Balance	
GAAP Basis	$2,276,858
Net Adjustment for Revenue Accruals	(223,756)
Perspective Difference:	
Public School Support	10,663
Net Adjustment for Expenditure Accruals	349,196
Adjustment for Encumbrances	(267,359)
Budget Basis	$2,145,602

Note 6 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

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

2. Bonds, notes, debentures, or any other 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.

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

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

Note 7 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Ohio Facilities Construction Commission Receivable	$1,726,659
Title I Grant	70,291
Public School Preschool Grant	39,773
IDEA Part B Grant	35,130
Medicaid Reimbursements	30,780
Bureau of Workers' Compensation Refunds	10,184
Foundation Adjustments	9,380
Improving Teacher Quality Grant	8,080
Miscellaneous Federal Grants	3,335
Early Childhood Education Grant	358
Total	$1,933,970

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2019, was $138,385 in the general fund, $3,353 in the classroom facilities special revenue fund and $58,852 in the bond retirement debt service fund. The amount available as an advance at June 30, 2018, was $89,742 in the general fund, $1,985 in the classroom facilities special revenue fund and $32,240 in the bond retirement debt service fund.

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

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residental and Other Real Estate	$64,632,630	77.84 %	$69,324,200	74.39 %
Public Utility Personal	18,400,040	22.16	23,864,190	25.61
Total	$83,032,670	100.00 %	$93,188,390	100.00 %
Tax rate per $1,000 of assessed valuation	$45.75		$45.75	

Note 9 – Interfund Transfers and Balances

Interfund Transfers

The general fund transferred $67,000 to the food service special revenue fund to assist with food service operations.

Interfund Balances

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Public School Preschool	$5,912
Title VI-B	6,242
Title I	7,838
Special Education Preschool	152
Title II-A	1,347
Miscellaneous Federal Grants	2,320
Total	$23,811

Interfund receivables and payables at June 30, 2019, are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

Note 10 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators 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. Sick leave may be accumulated up to a maximum of 260 days for certified personnel and 265 days for classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for certified employees and 57 days for classified employees.

Note 11 – Capital Assets

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

Governmental Activities	Balance 06/30/18	Additions	Deductions	Balance 06/30/19
Capital Assets not being Depreciated:				
Land	$215,638	$0	$0	$215,638
Construction in Progress	0	5,032,657	0	5,032,657
Total Capital Assets not being Depreciated	215,638	5,032,657	0	5,248,295
Capital Assets being Depreciated:				
Land Improvements	3,495,816	31,961	0	3,527,777
Buildings and Building Improvements	20,355,334	11,650	0	20,366,984
Furniture, Fixtures and Equipment	788,680	12,724	(9,346)	792,058
Vehicles	485,974	28,127	0	514,101
Total Capital Assets being Depreciated	25,125,804	84,462	(9,346)	25,200,920
Less Accumulated Depreciation:				
Land Improvements	(1,229,355)	(157,875)	0	(1,387,230)
Buildings and Building Improvements	(5,209,622)	(547,048)	0	(5,756,670)
Furniture, Fixtures and Equipment	(363,145)	(45,674)	9,346	(399,473)
Vehicles	(331,230)	(27,071)	0	(358,301)
Total Accumulated Depreciation	(7,133,352)	(777,668) *	9,346	(7,901,674)
Total Assets being Depreciated, Net	17,992,452	(693,206)	0	17,299,246
Governmental Activities Capital Assets, Net	$18,208,090	$4,339,451	$0	$22,547,541

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$633,940
Special	898
Support Services:	
Instructional Staff	3,289
Administration	2,912
Business	857
Operation and Maintenance of Plant	26,824
Pupil Transportation	22,588
Food Service Operations	2,162
Other Non-Instructional Services	17,017
Extracurricular Activities	67,181
Total Depreciation Expense	$777,668

Note 12 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 have been finalized and were determined to be insignificant.

Litigation

The School District is not a party to any material legal proceedings.

Note 13 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Deductible	Liability Limit
Building and Business Personal Property	$1,000	*
* All SORSA Members covered up to $300,000,000		
Limit including extensions of coverage		
Earthquake	50,000	$2,000,000
Flood Limit	50,000	2,000,000
Equipment Breakdown	1,000	300,000,000
CFC Refrigerants	1,000	250,000
Hazardous Substance	1,000	250,000
Spoilage	1,000	250,000
Expediting expenses	1,000	250,000
Crime Coverage		
Employee Dishonesty	1,000	100,000
Forgery or Alteration	1,000	100,000
Computer Fraud	1,000	100,000
Theft, Disappearance and Destruction	1,000	100,000
General Liability		
Bodily Injury		15,000,000
Personal Injury		15,000,000
Products/Completed Operations		15,000,000
Employers Stop Gap Liability		
Bodily Injury by accident - each accident		15,000,000
Bodily Injury by disease - policy limit		15,000,000
Bodily Injury by disease - each employee		15,000,000
Aggregate Limit		15,000,000
General Annual Aggregate		17,000,000
Fire Legal Liability		500,000
Medical Payments Occurrence/Aggregate		10,000/25,000
Educator's Legal Liability		
Wrongful Acts Coverage	2,500	
Per occurrence		15,000,000
Aggregate		15,000,000
Employee Benefits Liability		15,000,000
Automobile Liability		
Bodily injury & property damages per occur		15,000,000
Medical payments		10,000/25,000
Uninsured/underinsured motorist		100,000/1,000,000
Automobile Physical Damage	250	Actual Cash Value

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

Worker's Compensation

For fiscal year 2019, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Employee Insurance Benefits

The School District offers medical, surgical, and dental insurance to employees through a self-insurance internal service fund. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of $131,539 reported in the internal service funds at June 30, 2019, is estimated by and based on the requirements of the Governmental Accounting Standards Board Statement No. 30 which required that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability amounts for 2018 and 2019 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2018	$119,787	$1,221,571	($1,220,426)	$120,932
2019	120,932	926,603	(915,996)	131,539

Note 14 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $150,362 for fiscal year 2019. Of this amount $23,756 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $480,654 for fiscal year 2019. Of this amount $79,299 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.03455330%	0.02868496%	
Proportion of the Net Pension Liability Current Measurement Date	0.03418360%	0.02901514%	
Change in Proportionate Share	-0.00036970%	0.00033018%	
Proportionate Share of the Net Pension Liability	$1,957,759	$6,379,779	$8,337,538
Pension Expense	$219,185	$587,747	$806,932

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$107,371	$147,265	$254,636
Changes of assumptions	44,211	1,130,617	1,174,828
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	38,492	128,966	167,458
School District contributions subsequent to the measurement date	150,362	480,654	631,016
Total Deferred Outflows of Resources	$340,436	$1,887,502	$2,227,938
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$41,664	$41,664
Net difference between projected and actual earnings on pension plan investments	54,244	386,863	441,107
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	6,161	87,796	93,957
Total Deferred Inflows of Resources	$60,405	$516,323	$576,728

$631,016 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	$166,822	$522,063	$688,885
2021	43,732	403,469	447,201
2022	(64,248)	38,185	(26,063)
2023	(16,637)	(73,192)	(89,829)
Total	$129,669	$890,525	$1,020,194

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$2,757,650	$1,957,759	$1,287,102

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$9,316,826	$6,379,779	$3,893,965

Note 15 - Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was $20,136.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $25,705 for fiscal year 2019. Of this amount $21,016 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.03482330%	0.02868496%	
Proportion of the Net OPEB Liability Current Measurement Date	0.03467380%	0.02901514%	
Change in Proportionate Share	-0.00014950%	0.00033018%	
Proportionate Share of the:			
Net OPEB Liability	$961,945	$0	$961,945
Net OPEB (Asset)	$0	($466,243)	($466,243)
OPEB Expense	$51,129	($1,010,518)	($959,389)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,702	$54,458	$70,160
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	11,051	11,766	22,817
School District contributions subsequent to the measurement date	25,705	0	25,705
Total Deferred Outflows of Resources	$52,458	$66,224	$118,682
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$27,165	$27,165
Changes of assumptions	86,424	635,293	721,717
Net difference between projected and actual earnings on OPEB plan investments	1,443	53,264	54,707
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	11,684	6,038	17,722
Total Deferred Inflows of Resources	$99,551	$721,760	$821,311

$25,705 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	($31,054)	($117,638)	($148,692)
2021	(24,882)	(117,638)	(142,520)
2022	(5,339)	(117,639)	(122,978)
2023	(4,724)	(105,542)	(110,266)
2024	(4,824)	(101,297)	(106,121)
Thereafter	(1,975)	(95,782)	(97,757)
Total	($72,798)	($655,536)	($728,334)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	$1,167,244	$961,945	$799,386

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	$776,113	$961,945	$1,208,020

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB).* Valuation year per capita health care costs were updated.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	($399,614)	($466,243)	($522,242)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($519,081)	($466,243)	($412,583)

Note 16 – Set-Asides

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

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

	Capital Improvement
Set-aside Balance as of June 30, 2018	$0
Current Year Set-aside Requirement	158,779
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(701,235)
Totals	($542,456)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2019	$0

Although the School District had qualifying offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 17 – Long-Term Obligations

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2010 Classroom Facilities and School Improvement Bonds:			
Qualified School Construction Bonds			
Current Interest Term Bonds	7.00%	$1,750,000	2029
2010C Classroom Facilities and School Improvement Refunding Bonds:			
Current Interest Term Bonds	4.00%	6,050,000	2031
Capital Appreciation Bonds	1.25% to 2.15%	95,000	2046

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

	Principal Outstanding 6/30/18	Additions	Deductions	Principal Outstanding 6/30/19	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
Classroom Facilities and School Improvement Bonds					
Term Bonds	$1,750,000	$0	$90,000	$1,660,000	$115,000
Premium on Bonds	68,737	0	6,249	62,488	0
Total Classroom Facilities and School Improvement Bonds	1,818,737	0	96,249	1,722,488	115,000
Classroom Facilities and School Improvement Refunding Bonds					
Term Bonds	6,050,000	0	0	6,050,000	0
Capital Appreciation Bonds	95,000	0	0	95,000	0
Accretion	47,256	15,111	0	62,367	0
Premium on Bonds	153,924	0	5,514	148,410	0
Total Classroom Facilities and School Improvement Refunding Bonds	6,346,180	15,111	5,514	6,355,777	0
Total General Obligation Bonds	8,164,917	15,111	101,763	8,078,265	115,000
Other Long Term Obligations					
Net Pension Liability:					
STRS	6,814,174	0	434,395	6,379,779	0
SERS	2,064,484	0	106,725	1,957,759	0
Total Net Pension Liability	8,878,658	0	541,120	8,337,538	0
Net OPEB Liability:					
STRS	1,119,181	0	1,119,181	0	0
SERS	934,566	27,379	0	961,945	0
Total Net OPEB Liability	2,053,747	27,379	1,119,181	961,945	0
Compensated Absences	411,410	46,205	38,307	419,308	36,332
Total Other Long Term Obligations	11,343,815	73,584	1,698,608	9,718,791	36,332
Total General Long-Term Obligations	$19,508,732	$88,695	$1,800,371	$17,797,056	$151,332

Compensated absences will be paid from the general fund and the food service, public school preschool, title VI-B, title I special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, public school preschool, title VI-B, title I and title II-A special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 14 and 15.

On December 20, 2010, the School District issued $8,199,996 in school facilities and school improvement bonds for the purpose of constructing, furnishing and equipping a new middle/high school building as well as various other improvement to existing school buildings. The bonds include capital appreciation (deep discount) bonds, Build America Term bonds and qualified school construction term bonds in the amounts of $249,996, $6,200,000 and $1,750,000, respectively. The bonds were issued at a premium of $452,810. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 100 percent of the corresponding interest payable on the qualified school construction term bonds. During fiscal year 2014, the Build America Term bonds were removed from the School District through a refunding debt issuance. The capital appreciation bonds were retired in full in fiscal year 2018. The bonds were originally issued for a thirty-five year period with final maturity now at December 1, 2029. The bonds will be retired from the bond retirement debt service fund.

The qualified school construction term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue $1,750,000
2019	$90,000
2020	115,000
2021	130,000
2022	150,000
2023	155,000
2024	160,000
2025	160,000
2026	185,000
2027	190,000
2028	205,000
Total Mandatory Sinking Fund Payments	1,540,000
Amount Due at Stated Maturity	210,000
Total	$1,750,000
Stated Maturity	12/1/2028

On June 2, 2014, the School District issued $6,200,000 in general obligation bonds to refund a portion of the 2010 general obligation classroom facilities and school improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of $55,000, $6,050,000 and $95,000, respectively. The bonds were issued at a premium of $176,438. The bonds were issued for a thirty-two year period with a final maturity at December 1, 2045. The serial bonds were retired in full during fiscal year 2016.

The capital appreciation bonds were originally sold at a discount of $380,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2031.

The maturity amount of outstanding capital appreciation bonds is $475,000. The accretion recorded for fiscal year 2019 was $15,111, for a total outstanding bond liability of $157,367.

The term bonds matures on December 1, 2032, 2034, 2037, 2040, 2043, 2045 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Issue					
Year	$515,000	$565,000	$1,065,000	$1,295,000	$1,525,000	$1,085,000
2031	$255,000	$0	$0	$0	$0	$0
2033	0	275,000	0	0	0	0
2035	0	0	325,000	0	0	0
2036	0	0	345,000	0	0	0
2038	0	0	0	410,000	0	0
2039	0	0	0	430,000	0	0
2041	0	0	0	0	475,000	0
2042	0	0	0	0	495,000	0
2044	0	0	0	0	0	575,000
Total mandatory sinking sinking fund payment	$255,000	$275,000	$670,000	$840,000	$970,000	$575,000
Amount due at stated maturity	260,000	290,000	395,000	455,000	555,000	510,000
Total	$515,000	$565,000	$1,065,000	$1,295,000	$1,525,000	$1,085,000
Stated Maturity	12/1/2032	12/1/2034	12/1/2037	12/1/2040	12/1/2043	12/1/2045

The School District's overall legal debt margin was $0 with an unvoted debt margin of $93,188 at June 30, 2019. The School District has been designated an “approved special needs School District” by the Ohio Superintendent of Public Instruction. As a result, any debt of the School District authorized by the School District’s voters at the election held on November 2, 2010, in excess of the 9 percent limitation is exempted from that limitation pursuant to Ohio Revised Code Section 133.06(D)(2).

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

	General Obligation Bonds				
	Capital Appreciation		Term		
Fiscal Year	Principal	Interest	Principal	Interest	Subsidy
2020	$0	$0	$115,000	$354,175	($83,725)
2021	0	0	130,000	345,600	(77,324)
2022	0	0	150,000	335,800	(70,010)
2023	0	0	155,000	325,125	(62,043)
2024	0	0	160,000	314,100	(53,814)
2025 - 2029	0	0	950,000	1,384,650	(130,355)
2030 - 2034	95,000	380,000	790,000	1,163,400	0
2035 - 2039	0	0	1,765,000	887,900	0
2040 - 2044	0	0	2,410,000	469,600	0
2045 - 2046	0	0	1,085,000	42,100	0
Total	$95,000	$380,000	$7,710,000	$5,622,450	($477,271)

Note 18 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) The Ohio Mid-Eastern Regional Educational Service Agency was created as a regional council of governments pursuant to State Statues. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, plus a joint vocational service representative, the fiscal agent superintendent and a treasurer, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. OME-RESA provides financial accounting services, educational management information, internet access and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. The School District no longer pays OME-RESA directly for the gas purchases, but instead pays the gas vendor. The School District paid OME-RESA $62,785 for financial accounting services, educational management information, internet access, student services systems, and automated notification systems for fiscal year 2019. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

Jefferson County Joint Vocational School The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2019, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Note 19 – Public Entity Pools

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Jefferson Health Plan The School District participates in the Jefferson Health Plan (formally known as OME-RESA Health Benefits Consortium), an insurance purchasing pool. The plan's business and affairs are conducted by a Board of Trustees consisting of the current Superintendent of each of the school districts and county boards of education in the Plan. The Executive Director, or his designee, serves as coordinator of the program. Each month, the participating school districts pay a premium to the Plan to cover the costs of administering the program.

Shared Risk Pool

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 113 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors composed of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain financial information write to the Schools of Ohio Risk Sharing Authority, Executive Director, at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

Note 20 – Significant Commitments

Contractual Commitments

At June 30, 2019, the School District's significant contractual commitments consisted of the following:

	Contract Amount	Amount Paid	Remaining Amount
Toronto Elementary			
Hammond	$9,648,528	$3,789,761	$5,858,767
Four Seasons	31,924	6,066	25,858
Lesko	282,173	259,571	22,602
	$9,962,625	$4,055,398	$5,907,227

$4,329,574 of the remaining commitment amounts were encumbered at fiscal year-end.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$267,359
Classroom Facilities	4,328,465
Other Governmental Funds	144,116
Total Governmental	$4,739,940

Note 21 – Change in Accounting Principle

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

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

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

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

Required Supplementary Information

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

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.03418360%	0.03455330%	0.03351660%
School District's Proportionate Share of the Net Pension Liability	$1,957,759	$2,064,484	$2,453,106
School District's Covered Payroll	$1,213,444	$1,059,929	$1,042,786
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	161.34%	194.78%	235.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

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

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.03291240%	0.02986800%	0.02986800%
$1,878,015	$1,511,603	$1,776,154
$1,000,099	$1,107,611	$942,420
187.78%	136.47%	188.47%
69.16%	71.70%	65.52%

Toronto City School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.03467380%	0.03482330%	0.03382760%
School District's Proportionate Share of the Net OPEB Liability	$961,945	$934,566	$964,212
School District's Covered Payroll	$1,213,444	$1,059,929	$1,042,786
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	79.27%	88.17%	92.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.02901514%	0.02868496%	0.02884303%
School District's Proportionate Share of the Net Pension Liability	$6,379,779	$6,814,174	$9,654,632
School District's Covered Payroll	$3,289,429	$3,186,971	$3,048,529
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	193.95%	213.81%	316.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

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

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.02802220%	0.02906415%	0.02906415%
$7,744,517	$7,069,407	$8,421,032
$2,925,043	$2,947,931	$3,847,669
264.77%	239.81%	218.86%
72.10%	74.70%	69.30%

Toronto City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.02901514%	0.02868496%	0.02884303%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($466,243)	$1,119,181	$1,542,533
School District's Covered Payroll	$3,289,429	$3,186,971	$3,048,529
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.17%	35.12%	50.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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Toronto City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$150,362	$163,815	$148,390	$145,990
Contributions in Relation to the Contractually Required Contribution	(150,362)	(163,815)	(148,390)	(145,990)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,113,793	$1,213,444	$1,059,929	$1,042,786
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	25,705	24,775	17,868	16,526
Contributions in Relation to the Contractually Required Contribution	(25,705)	(24,775)	(17,868)	(16,526)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.31%	2.04%	1.69%	1.58%
Total Contributions as a Percentage of Covered Payroll (2)	15.81%	15.54%	15.69%	15.58%

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

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$131,813	$153,515	$130,431	$144,705	$149,869	$158,899
(131,813)	(153,515)	(130,431)	(144,705)	(149,869)	(158,899)
$0	$0	$0	$0	$0	$0
$1,000,099	$1,107,611	$942,420	$1,075,874	$1,192,278	$1,173,552
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
25,046	19,540	16,814	23,391	36,414	24,458
(25,046)	(19,540)	(16,814)	(23,391)	(36,414)	(24,458)
$0	$0	$0	$0	$0	$0
2.50%	1.76%	1.78%	2.17%	3.05%	2.08%
15.68%	15.62%	15.62%	15.62%	15.62%	15.62%

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

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$480,654	$460,520	$446,176	$426,794
Contributions in Relation to the Contractually Required Contribution	(480,654)	(460,520)	(446,176)	(426,794)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$3,433,243	$3,289,429	$3,186,971	$3,048,529
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$409,506	$383,231	$500,197	$501,290	$524,102	$480,469
(409,506)	(383,231)	(500,197)	(501,290)	(524,102)	(480,469)
$0	$0	$0	$0	$0	$0
$2,925,043	$2,947,931	$3,847,669	$3,856,077	$4,031,554	$3,695,915
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$29,479	$38,477	$38,561	$40,316	$36,959
0	(29,479)	(38,477)	(38,561)	(40,316)	(36,959)
$0	$0	$0	$0	$0	$0
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions - STRS

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

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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*

Toronto City School District
Jefferson County
1307 Dennis Way
Toronto, Ohio 43964

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 Toronto City School District, Jefferson County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

January 14, 2020

TORONTO CITY SCHOOLS

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1307 Dennis Way
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(740) 537-2456
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 3318.05(B) – Classroom Facilities Maintenance Fund expenditures does not conform to the maintenance plan.	Corrective Action Taken – Fully Corrected	

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OHIO AUDITOR OF STATE
KEITH FABER

TORONTO CITY SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY, 4 2020