Perry & Associates
Certified Public Accountants, A.C.

WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
Regular Audit
For the Fiscal Year Ended June 30, 2019

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Board of Education
Williamsburg Local School District
549-A West Main Street
Williamsburg, Ohio 45176

We have reviewed the *Independent Auditor's Report* of Williamsburg Local School District, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

January 22, 2020

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WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

December 20, 2019

Williamsburg Local School District
Clermont County
549-A West Main Street
Williamsburg, Ohio 45176

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

Management's Responsibility for the Financial Statements

Management is responsible for 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 School 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 School 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 Williamsburg Local School District, Clermont County, Ohio, as of June 30, 2019, and the respective changes in financial position 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 December 20, 2019, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

Financial Highlights

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by $4,409,694.
- The School District's net position increased $881,557 during this fiscal year's operations.
- General revenues accounted for $9,192,052 or 75 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for $3,140,035 or 25 percent of total revenues of $12,332,087.
- The School District had $11,450,530 in expenses related to governmental activities; only $3,140,035 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to the basic financial statements. These statements are organized so the reader can understand the School District as a whole, an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the School District as a whole, and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major fund for the School District is the general fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

Fiduciary Funds - The School District's fiduciary funds consist of an agency fund and a private purpose trust fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years ending June 30, 2019 and 2018:

(Table 1)
Net Position
Governmental Activities

	2019	2018
Assets		
Current and Other Assets	$7,935,684	$7,526,601
Capital Assets, Net	12,447,361	12,570,268
Total Assets	20,383,045	20,096,869
Deferred Outflows	3,391,930	3,850,702
Liabilities		
Current and Other Liabilities	1,054,919	1,026,082
Long-Term Liabilities	13,642,473	15,858,652
Total Liabilities	14,697,392	16,884,734
Deferred Inflows	4,667,889	3,534,700

(Table 1)
Net Position
Governmental Activities
(continued)

	2019	2018
Net Position		
Net Investment in Capital Assets	$12,152,098	$11,927,743
Restricted	629,999	923,925
Unrestricted (Deficit)	(8,372,403)	(9,323,531)
Total Net Position	$4,409,694	$3,528,137

Current and other assets increased between years, due primarily to an increase in accounts receivable and the recognition of a net OPEB asset. This increase was partially offset by a decrease in taxes receivable due to the expiration of the bond retirement and classroom facilities maintenance levies. Capital assets, net decreased between years, due to depreciation expense and disposals in excess of additions. Deferred outflows decreased between years, related to the change in proportionate share of the state-wide net pension and OPEB liabilities. Current and other liabilities remained relatively consistent between years. Long-term liabilities decreased between years, due primarily to a decrease in the net pension and OPEB liability estimates and principal retirements. Deferred inflows increased between years, related to the change in proportionate share of the state-wide net pension and OPEB liabilities.

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is divided into two major components: Program revenues and general revenues. Program revenues are defined as charges for services and sales and restricted operating grants, capital grants, contributions, and interest. General revenues include taxes and unrestricted grants, such as State foundation support, gifts and donations, investment earnings, and miscellaneous.

(Table 2)
Change in Net Position
Governmental Activities

	2019	2018
Revenues		
Program Revenues		
Charges for Services and Sales	$1,953,954	$1,737,137
Operating Grants, Contributions, and Interest	1,186,081	1,239,713
Total Program Revenues	3,140,035	2,976,850
General Revenues		
Property Taxes	3,460,691	3,846,978
Grants and Entitlements not Restricted to Specific Programs	5,381,942	5,451,684
Gifts and Donations not Restricted to Specific Programs	29,025	25
Investment Earnings	95,563	62,834
Insurance Recoveries	0	8,313
Miscellaneous	224,831	291,297
Total General Revenues	9,192,052	9,661,131
Total Revenues	12,332,087	12,637,981

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

	2019	2018
Program Expenses		
Instruction		
Regular	$4,987,097	$3,026,554
Special	2,189,798	1,628,182
Vocational	126,242	42,862
Support Services		
Pupils	328,192	207,827
Instructional Staff	155,368	59,913
Board of Education	34,138	36,889
Administration	764,260	420,773
Fiscal	349,274	144,169
Operation and Maintenance of Plant	1,085,621	1,042,896
Pupil Transportation	543,016	433,440
Central	138,143	64,890
Operation of Non-Instructional Services	135,440	65,466
Extracurricular Activities	596,827	430,690
Interest and Fiscal Charges	17,114	23,576
Total Expenses	11,450,530	7,628,127
Change in Net Position	881,557	5,009,854
Net Position at Beginning of Year	3,528,137	(1,481,717)
Net Position at Ending of Year	$4,409,694	$3,528,137

Charges for services and sales and operating grants and contributions remained relatively consistent between years. Property taxes decreased slightly between years due to the final collection year on the bond retirement and classroom facilities maintenance levies.

Most expense functions increased due to the recognition of negative expenses related to the School District's share of state-wide pension and OPEB expenses that were lower than prior fiscal year's negative expenses. Current year pension and OPEB expenses amounted to a negative $147,113 whereas the prior year's expenses amounted to a negative $3,751,546, resulting in a net increase related to pension and OPEB expenses of $3,604,433. Aside from this, some functions increased slightly due to small increases in personnel costs.

Governmental Activities

Grants and entitlements not restricted to specific programs made up 44 percent of total revenues for governmental activities of the School District for fiscal year 2019. Property taxes made up 28 percent of total revenues for governmental activities for a total of 72 percent of total revenues coming from property taxes and grants and entitlements not restricted to specific programs. Charges for services and sales and operating grants and contributions also comprised 16 percent and 10 percent, respectively.

Instruction comprises 64 percent of governmental program expenses, with regular instruction and special instruction comprising 44 percent and 19 percent, respectively, of program expenses. Support services expenses make up 30 percent of governmental program expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants, contributions and interest offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted state aid (state foundation) or local taxes. The difference in these two columns would represent charges for services and sales, restricted grants, donations and restricted interest.

(Table 3)
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction	$7,303,137	$5,251,955	$4,697,598	$2,676,329
Support Services	3,398,012	2,642,443	2,410,797	1,767,353
Operation of Non-Instructional Services	135,440	4,687	65,466	(63,046)
Extracurricular Activities	596,827	394,296	430,690	247,065
Interest and Fiscal Charges	17,114	17,114	23,576	23,576
Total Expenses	$11,450,530	$8,310,495	$7,628,127	$4,651,277

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $12,581,459 and expenditures of $12,798,059. The net change in fund balance for the fiscal year was most significant in the general fund, an increase of $416,456, due to an increase in rent revenue and a decrease in capital outlay expenditures.

General Fund - Budget 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. During the course of fiscal year 2019, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was $34,035 above the final budgeted amount in the general fund.

For the general fund, original budgeted revenues and other financing sources were $11,372,957 and final budgeted revenues and other financing sources were $10,896,849. This represents a decrease in estimated revenue and other financing sources of $476,108 due largely to a decrease in expected advances in. The difference between actual budget basis revenues and other financing sources and final budget basis revenues and other financing sources was $3,956, which was not a significant difference.

Original budgeted expenditures and other financing uses in the general fund were $11,400,113 and final budgeted expenditures and other financing uses were $10,812,656. This represents a decrease in estimated expenditures and other financing uses of $587,457 due largely to a decrease in estimates for transfers out. The difference between actual budget basis expenditures and other financing uses and final budgeted expenditures and other financing uses was $37,991 due mainly to spending less than the budgeted amounts for regular and special instruction and pupils support services.

Capital Assets and Debt Administration

Capital Assets

The School District's investment in capital assets as of June 30, 2019 was $12,447,361. This investment in capital assets includes land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

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

	2019	2018
Land	$830,100	$830,100
Construction in Progress	0	2,852,748
Land Improvements	884,067	954,589
Buildings and Improvements	10,116,739	7,240,300
Furniture, Fixtures and Equipment	436,257	470,663
Vehicles	180,198	221,868
Totals	$12,447,361	$12,570,268

Net capital assets decreased $122,907 from the prior fiscal year. This was due to capital assets depreciation expense and disposals exceeding additions.

For more information on capital assets, refer to note 8 of the notes to the basic financial statements.

Debt

At June 30, 2019, the School District had $295,263 in bonds outstanding with $5,000 due within one year. Table 5 summarizes bonds outstanding:

(Table 5)
Outstanding Debt at June 30
Governmental Activities

	2019	2018
General Obligation Bonds		
2008 School Improvement Bonds 3.846%	$0	$309,000
Premium on Debt Issue	0	1,937
Energy Conservation Bonds		
2012 Energy Conservation Bonds 1.150%-2.750%	285,000	320,000
Premium on Debt Issue	10,263	11,588
Totals	$295,263	$642,525

The School District's overall legal debt margin was $12,916,197 with an unvoted debt margin of $137,731 and an energy conservation debt limit of $954,581 at June 30, 2019.

In June 2008, the School District issued $2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds. In June 2007, the School District issued an energy conservation loan for an energy efficiency project. In March 2012, the School District issued energy conservation bonds for an energy efficiency project.

For more information on debt, refer to note 12 of the notes to the basic financial statements.

School District Challenges for the Future

The Williamsburg Board of Education is committed to maintaining fiscal stewardship. Williamsburg is a small district that typically receives about 50 percent of its general fund revenue as state support. In 2010, the State of Ohio cut public school funding and cut tangible personal property reimbursements to schools in order to balance their budget during the recession. Williamsburg saw revenue drop by 12% and revenues stayed low until the 14/15 biennial budget increased state revenues somewhat. The School District made cuts to balance the budget during those lean years, including cuts to staffing. Finally, in the 16/17 biennial budget, Williamsburg Schools saw significant funding increases from the state as they introduced capacity aid, a new state formula line item dedicated to small rural districts with low property values. In the new 18/19 biennial budget, the state has applied a 3% cap to all state funding revenue growth! In addition, capacity aid is now figured inside the 3% cap! So now our state revenues are restricted to artificially low amounts, amounts lower than even the state says we need to educate our students!

As a small district, it is always a challenge to attract and retain highly qualified staff. We must be dedicated to keeping our salaries competitive yet remain balanced financially. Health insurance is another concern as rates continue to increase for many reasons. The School District is a member of Clermont County Insurance Consortium (CCIC) and it provides all insurance products for our staff. CCIC has voted to join EPC, another insurance consortium, and will be operating as a consortium within a consortium. It is CCIC's hope that being part of a much larger consortium will stabilize our insurance premium rates and provide security to protect the value of our insurance products.

The School District also struggles to control special education costs. It has been our plan to hire additional staff to provide a more targeted education to our special education students. At the same time, we will be reducing special education contracted costs.

In addition, the State of Ohio continues to support "School Choice" and funds those choices via deductions from public schools. Currently, Williamsburg loses almost $125,000 per year to charter schools and over $65,000 to scholarship costs thanks to the "School Choice" movement.

Despite this, Williamsburg continues to stay within budget. The following four years of the forecast we expect to spend into our carryover, in excess of the emergency levy.

Williamsburg Schools is seeing some industrial growth in real estate at the South Afton complex. We expect, at this time, that the property will be exempt due to abatements and TIFs. Any payment in lieu of tax will be welcome. We are seeing some recovery in real estate as our TY2017 valuation is expected to increase by 17% for residential and agricultural values! We have not seen double digit increases in property values in over a decade!

The Williamsburg Board of Education and administration remain committed to being fiscally responsible and continue to adjust budgets and look for reductions in costs. The School District has seen savings in the past five years for electric usage from browning out, updating old equipment, and negotiating lower rates with electric suppliers. The School District shares services with Child Focus for preschool. We have been able to increase the preschool students served by working with Child Focus and have reduced our preschool costs.

School District personnel continue to make strides in the area of educating students. The Department of Education continues to change the district report card rating system and Williamsburg's curriculum adjusts accordingly. Teaching and non-teaching staff remain focused on providing a quality education to students, without many of the resources available to larger school districts.

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 JoAnna Carraher, Treasurer, at Williamsburg Local School District, 549-A West Main Street, Williamsburg, Ohio 45176, or email at carraher_j@burgschools.org.

Williamsburg Local School District
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$3,538,902
Accrued Interest Receivable	1,717
Accounts Receivable	121,991
Intergovernmental Receivable	88,800
Property Taxes Receivable	3,560,470
Net OPEB Asset	623,804
Capital Assets:	
Nondepreciable Capital Assets	830,100
Depreciable Capital Assets, Net	11,617,261
Total Assets	20,383,045
Deferred Outflows of Resources	
Pension	3,214,455
OPEB	177,475
Total Deferred Outflows of Resources	3,391,930
Liabilities	
Accounts Payable	28,898
Accrued Wages and Benefits	873,044
Intergovernmental Payable	146,671
Accrued Interest Payable	6,306
Long-Term Liabilities:	
Due Within One Year	97,940
Due in More Than One Year	1,439,738
Net Pension Liability	10,928,890
Net OPEB Liability	1,175,905
Total Liabilities	14,697,392
Deferred Inflows of Resources	
Property Taxes Not Levied to Finance Current Year Operations	2,834,345
Pension	730,304
OPEB	1,103,240
Total Deferred Inflows of Resources	4,667,889
Net Position	
Net Investment in Capital Assets	12,152,098
Restricted For:	
Debt Service	514,085
Other Purposes	115,914
Unrestricted (Deficit)	(8,372,403)
Total Net Position	$4,409,694

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues		Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities				
Instruction				
Regular	$4,987,097	$672,431	$54,623	($4,260,043)
Special	2,189,798	265,267	1,018,873	(905,658)
Vocational	126,242	20,158	19,830	(86,254)
Support Services				
Pupils	328,192	40,061	49,393	(238,738)
Instructional Staff	155,368	15,659	31,399	(108,310)
Board of Education	34,138	4,495	0	(29,643)
Administration	764,260	109,259	0	(655,001)
Fiscal	349,274	47,457	0	(301,817)
Operation and Maintenance of Plant	1,085,621	364,618	5,514	(715,489)
Pupil Transportation	543,016	67,851	0	(475,165)
Central	138,143	19,863	0	(118,280)
Operation of Non-Instructional Services	135,440	130,550	203	(4,687)
Extracurricular Activities	596,827	196,285	6,246	(394,296)
Interest and Fiscal Charges	17,114	0	0	(17,114)
Total Governmental Activities	$11,450,530	$1,953,954	$1,186,081	(8,310,495)

General Revenues	
Property Taxes Levied for	
General Purposes	3,391,947
Debt Service	59,353
Classroom Facilities Maintenance	9,391
Grants and Entitlements not Restricted to Specific Programs	5,381,942
Gifts and Donations not Restricted to Specific Programs	29,025
Investment Earnings	95,563
Miscellaneous	224,831
Total General Revenues	9,192,052
Change in Net Position	881,557
Net Position Beginning of Year	3,528,137
Net Position End of Year	$4,409,694

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	$2,795,477	$727,177	$3,522,654
Accrued Interest Receivable	1,717	0	1,717
Accounts Receivable	111,563	10,428	121,991
Interfund Receivable	9,519	0	9,519
Intergovernmental Receivable	5,856	82,944	88,800
Property Taxes Receivable	3,560,470	0	3,560,470
Restricted Assets:			
Equity in Pooled Cash and Investments	16,248	0	16,248
Total Assets	$6,500,850	$820,549	$7,321,399
Liabilities			
Accounts Payable	$28,898	$0	$28,898
Accrued Wages and Benefits	783,459	89,585	873,044
Interfund Payable	0	9,519	9,519
Intergovernmental Payable	123,459	23,212	146,671
Total Liabilities	935,816	122,316	1,058,132
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	2,834,345	0	2,834,345
Unavailable Revenue:			
Property Taxes	29,781	0	29,781
Grants	0	33,810	33,810
Total Unvailable Revenue	29,781	33,810	63,591
Total Deferred Inflows of Resources	2,864,126	33,810	2,897,936
Fund Balances			
Restricted	16,248	608,103	624,351
Committed	200,001	94,289	294,290
Assigned	1,163,844	0	1,163,844
Unassigned (Deficit)	1,320,815	(37,969)	1,282,846
Total Fund Balances	2,700,908	664,423	3,365,331
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$6,500,850	$820,549	$7,321,399

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances		$3,365,331
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.		12,447,361
Some of the School District's revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Property taxes	29,781	
Intergovernmental	33,810	63,591
The net pension/OPEB liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows-pension	3,214,455	
Deferred outflows-OPEB	177,475	
Deferred inflows-pension	(730,304)	
Deferred inflows-OPEB	(1,103,240)	
Net pension liability	(10,928,890)	
Net OPEB asset	623,804	
Net OPEB liability	(1,175,905)	(9,922,605)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, as interest expenditure is reported when due.		(6,306)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(285,000)	
Premiums on bonds	(10,263)	
Compensated absences	(1,242,415)	(1,537,678)
Net Position of Governmental Activities		$4,409,694

See the accompanying notes to the basic financial statements.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$3,443,814	$73,464	$3,517,278
Intergovernmental	5,902,871	633,660	6,536,531
Interest	82,193	150	82,343
Increase in Fair Market Value	13,220	0	13,220
Tuition and Fees	1,281,202	0	1,281,202
Rent	269,327	0	269,327
Extracurricular Activities	14,028	157,256	171,284
Gifts and Donations	33,652	1,320	34,972
Customer Sales and Services	88,107	144,034	232,141
Miscellaneous	266,893	1,968	268,861
Total Revenues	11,395,307	1,011,852	12,407,159
Expenditures			
Current			
Instruction			
Regular	5,090,608	56,369	5,146,977
Special	1,863,970	488,528	2,352,498
Vocational	134,714	3,316	138,030
Support Services			
Pupils	306,629	41,179	347,808
Instructional Staff	123,720	32,005	155,725
Board of Education	35,515	0	35,515
Administration	875,237	0	875,237
Fiscal	374,961	2,482	377,443
Operation and Maintenance of Plant	1,013,867	49,473	1,063,340
Pupil Transportation	536,101	0	536,101
Central	156,938	0	156,938
Operation of Non-Instructional Services	10,436	130,200	140,636
Extracurricular Activities	181,156	364,249	545,405
Capital Outlay	57,701	336,048	393,749
Debt Service			
Principal Retirement	35,000	309,000	344,000
Interest and Fiscal Charges	7,998	6,359	14,357
Total Expenditures	10,804,551	1,819,208	12,623,759
Excess of Revenues Over (Under) Expenditures	590,756	(807,356)	(216,600)
Other Financing Sources (Uses)			
Transfers In	0	174,300	174,300
Transfers Out	(174,300)	0	(174,300)
Total Other Financing Sources (Uses)	(174,300)	174,300	0
Net Change in Fund Balances	416,456	(633,056)	(216,600)
Fund Balances Beginning of Year	2,284,452	1,297,479	3,581,931
Fund Balances End of Year	$2,700,908	$664,423	$3,365,331

See the accompanying notes to the basic financial statements.

Williamsburg Local 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		($216,600)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	393,749	
Depreciation expense	(516,656)	(122,907)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
Delinquent property taxes	(56,587)	
Intergovernmental	25,545	
Other	(44,030)	(75,072)
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		868,841
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		147,113
Governmental funds report premiums as expenditures, whereas these amounts are deferred and amortized in the statement of net position.		
Amortization of bond premium	3,262	3,262
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:		
Bond principal retirement	344,000	344,000
In the statement of activities, interest accrued on outstanding bonds and the loss on refunding are amortized over the terms of the bonds, whereas in the governmental funds, the expenditure is reported when the bonds are issued:		
Increase in accrued interest	(4,707)	
Amortization of deferred amount on refunding	(1,312)	(6,019)
Some items 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. These activities consist of:		
Increase in compensated absences	(61,061)	(61,061)
Change in Net Position of Governmental Activities		$881,557

See the accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$3,495,112	$3,530,690	$3,530,690	$0
Intergovernmental	5,998,913	5,888,044	5,888,044	0
Interest	40,000	85,330	81,249	(4,081)
Tuition and Fees	1,156,932	1,208,505	1,208,630	125
Rent	1,800	675	675	0
Gifts and Donations	1,000	29,025	29,025	0
Customer Sales and Services	88,107	88,107	88,107	0
Miscellaneous	106,093	66,473	66,473	0
Total Revenues	10,887,957	10,896,849	10,892,893	(3,956)
Expenditures				
Current				
Instruction				
Regular	7,871,798	5,014,918	5,009,327	5,591
Special	1,132,928	1,808,423	1,802,222	6,201
Vocational	11,259	130,772	129,692	1,080
Support Services				
Pupils	151,723	318,041	306,437	11,604
Instructional Staff	93,427	123,609	123,109	500
Board of Education	37,115	41,599	38,670	2,929
Administration	129,498	861,214	861,214	0
Fiscal	167,365	374,193	372,747	1,446
Operation and Maintenance of Plant	538,184	776,815	772,507	4,308
Pupil Transportation	230,992	558,543	555,223	3,320
Central	10,850	156,290	156,290	0
Operation of Non-Instructional Services	7,500	13,636	13,636	0
Extracurricular Activities	28,609	109,344	108,332	1,012
Capital Outlay	237,565	248,959	248,959	0
Total Expenditures	10,648,813	10,536,356	10,498,365	37,991
Excess of Revenues Over Expenditures	239,144	360,493	394,528	34,035
Other Financing Sources (Uses)				
Advances In	475,000	0	0	0
Insurance Recoveries	10,000	0	0	0
Transfers Out	(751,300)	(276,300)	(276,300)	0
Total Other Financing Sources (Uses)	(266,300)	(276,300)	(276,300)	0
Net Change in Fund Balance	(27,156)	84,193	118,228	34,035
Fund Balances Beginning of Year	2,122,730	2,122,730	2,122,730	0
Prior Year Encumbrances Appropriated	118,038	118,038	118,038	0
Fund Balances End of Year	$2,213,612	$2,324,961	$2,358,996	$34,035

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	$13,879	$49,334
Liabilities		
Undistributed Monies		$49,334
Net Position		
Held in Trust for Scholarships	$13,879	

See the accompanying notes to the basic financial statements.

Williamsburg Local School District

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Donations	$8,515
Total Additions	8,515
Deductions	
Payments in Accordance With Trust Agreements	4,500
Total Deductions	4,500
Change in Net Position	4,015
Net Position Beginning of Year	9,864
Net Position End of Year	$13,879

See the accompanying notes to the basic financial statements.

Note 1 – Description of the District and Reporting Entity

Williamsburg Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1922. The School District serves an area of approximately 41 square miles. It is located in Clermont County, and includes all of the Village of Williamsburg and portions of Williamsburg and Jackson Townships. The Board of Education controls the School District's two instructional support facilities staffed by 45 non-certified, 59 teaching personnel and 5 administrative employees providing education to 964 students.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Williamsburg Local School District, this includes general operations, food services, and student related activities of the School District.

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

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are discussed in notes 14 and 15 of the basic financial statements. These organizations are:

Jointly Governed Organizations:
- Hamilton/Clermont Cooperative Association
- U.S. Grant Joint Vocational School

Insurance Purchasing Pools:
- Clermont County Insurance Consortium
- Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as 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 are 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 fiscal year, the School District segregates transactions related to certain School District functions or activities into 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 reporting on major funds rather than reporting by type. 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 fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds

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

The following is the School District's major governmental fund:

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

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

Fiduciary Funds

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

<u>Measurement Focus</u>

Government-wide Financial Statements

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

Fund Financial Statements

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

<u>Basis of Accounting</u>

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the 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 bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenue – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 5.) 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet 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 a deferred charge on refunding and for pension and other post-employment benefits. A deferral 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 pension and OPEB items are further explained in notes 9 and 10.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension, other post-employment benefits, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2019. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position and are further explained in notes 9 and 10.

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 the governmental funds.

Cash and Investments

To improve cash management, all 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 investments” on the financial statements.

During fiscal year 2019, the School District invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), STAR Plus, money market funds, negotiable certificates of deposit, U.S. Treasury obligations, and U.S. government agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The School District’s money market funds are recorded at amounts reported by the respective financial institutions at June 30, 2019.

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

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million. All accounts of the participant will be combined for these purposes.

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 and other governmental funds during fiscal year 2019 amounted to $82,193 and $150, respectively. The School District also recognized an increase in the fair value of investments of $13,220 in the general fund.

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 “equity in pooled cash and investments”.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. The School District had no prepaid items to report as of June 30, 2019.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually 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.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $2,500. 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 capitalized.

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

Description	Estimated Lives
Land Improvements	5-20 years
Buildings and Improvements	25-80 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	8 years

Accrued Liabilities and Long-Term Obligations

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

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the amount "matured compensated absences payable" in the termination benefits fund, which is presented as part of the general fund for GAAP reporting purposes. The noncurrent portion of the liability is not reported. The School District reported no matured compensated absences payable at June 30, 2019.

Bond Premiums/Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued.

Net Position

Net position represents the difference between assets plus deferred outflows or resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes. The School District has no net position that is restricted by enabling legislation.

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

Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts would represent intended uses established by the School District's Board of Education.

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

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

Internal Activity

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

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Short term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the governmental activities column of the statement of net position.

Estimates

The preparation of the 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.

Budgetary Process

The budgetary process is prescribed by the provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund/special cost center level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund/special cost center.

The Clermont County Budget Commission has waived the requirement that school districts adopt and submit a tax budget. In lieu of the tax budget, school districts are required to submit bond fund balances.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements 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, including all supplemental appropriations.

Pensions/OPEB

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

Note 3 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances 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. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the neediest kids, uniform school supplies, pre-school, centre, public school support, and termination benefits funds. These funds were excluded from the budgetary presentation for the general fund.

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

Net Change in Fund Balance	
GAAP Basis	$416,456
Revenue Accruals	18,935
Expenditure Accruals	51,929
Encumbrances	(258,136)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	(110,956)
Budget Basis	$118,228

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations 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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

<u>Deposits</u>

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, the School District's bank balance of $908,295 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

Investments

As of June 30, 2019, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Credit Rating	Maturity	Percent of Total Investments
STAR Ohio	$1,326,002	AAAm	Less than one year	45.19%
First American Government Obligation Money Market Fund	1,682	AAAm	Less than one year	0.06%
Fidelity Treasury MMKT FD Daily Money Market Fund	15,537	AAAm	Less than one year	0.53%
Federal National Mortgage Assn.	59,855	AA+	One to two years	2.04%
Federal Farm Credit Bank	200,232	AA+	Three to five years	6.82%
Federal Home Loan Mortgage Corp.	100,000	AA+	One to two years	3.41%
Federal Home Loan Mortgage Corp.	185,806	AA+	Three to five years	6.33%
U.S. Treasury Bills	98,988	A-1+	Less than one year	3.37%
U.S. Treasury Notes	49,922	AA+	Less than one year	1.70%
Negotiable Certificates of Deposit	619,987	N/A	Less than one year	21.13%
Negotiable Certificates of Deposit	276,310	N/A	One to two years	9.42%
Total Investments	$2,934,321			100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurement as of June 30, 2019. As previously discussed, STAR Ohio is reported at its net asset value. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk beyond the requirements of state statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The School District has no investment policy that addresses credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in state statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. However, the School District does diversify for protection of assets in a responsible manner.

Note 5 – 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 distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by state statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected in calendar year 2019 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Clermont and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2018 Second-Half Collections		2019 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$129,622,590	95.26%	$130,660,710	94.87%
Public Utility Personal	6,454,410	4.74%	7,070,470	5.13%
Total Assessed Value	$136,077,000	100.00%	$137,731,180	100.00%
Tax rate per $1,000 of assessed value	$47.93		$44.75	

Note 6 - Receivables

Receivables at June 30, 2019, consisted of accrued interest, accounts, intergovernmental, interfund, and property taxes. All receivable amounts, except delinquent property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The intergovernmental receivables are as follows:

Major Fund:	
General	$5,856
Nonmajor Funds:	
IDEA B	24,573
Title I	29,395
High Schools That Work	2,882
Title 6b Restoration	995
Title 6B IDEA Restoration	25,099
Total Nonmajor Funds	82,944
Total All Funds	$88,800

Note 7 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the School District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from the prior year.

Workers' Compensation

For fiscal year 2019, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see note 15). 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 Comp Management, Inc. provides administrative, cost control, and actuarial services to the GRP.

Employee Benefits

For fiscal year 2019, the School District participated in the Clermont County Insurance Consortium (the Consortium), a group insurance purchasing pool (see note 15), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Directors provides insurance policies in whole or in part through one or more group insurance policies.

Note 8 – Capital Assets

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

	Balance at 6/30/18	Additions	Deductions	Balance at 6/30/19
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$830,100	$0	$0	$830,100
Construction in Progress	2,852,748	336,048	(3,188,796)	0
Total Capital Assets Not Being Depreciated	3,682,848	336,048	(3,188,796)	830,100
Capital Assets Being Depreciated:				
Land Improvements	2,668,378	0	0	2,668,378
Buildings and Improvements	13,192,276	3,198,877	0	16,391,153
Furniture, Fixtures, and Equipment	1,985,118	47,620	0	2,032,738
Vehicles	845,570	0	0	845,570
Total Capital Assets Being Depreciated	18,691,342	3,246,497	0	21,937,839
Less Accumulated Depreciation				
Land Improvements	(1,713,789)	(70,522)	0	(1,784,311)
Buildings and Improvements	(5,951,976)	(322,438)	0	(6,274,414)
Furniture, Fixtures, and Equipment	(1,514,455)	(82,026)	0	(1,596,481)
Vehicles	(623,702)	(41,670)	0	(665,372)
Total Accumulated Depreciation	(9,803,922)	(516,656)	0	(10,320,578)
Total Capital Assets Being Depreciated, Net	8,887,420	2,729,841	0	11,617,261
Governmental Activities Capital Assets, Net	$12,570,268	$3,065,889	($3,188,796)	$12,447,361

Depreciation was charged to the following governmental functions:

Instruction:	
Regular	$307,880
Special	1,259
Vocational	1,584
Support Services:	
Operation and Maintenance of Plant	65,062
Pupil Transportation	41,670
Operation of Non-Instructional Services	9,353
Extracurricular Activities	89,848
Total Depreciation Expense	$516,656

Note 9 – Defined Benefit Pension Plans

Net Pension Liability/Net OPEB Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions and 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 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 long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District nonteaching 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 contributions to SERS were $177,955 for fiscal year 2019.

Plan Description - State Teachers Retirement System (STRS)

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

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. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through 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.

Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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 contributions to STRS were $659,849 for fiscal year 2019.

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

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	0.04277620%	0.03729429%	
Proportion of the Net Pension Liability Current Measurement Date	0.04178600%	0.03882037%	
Change in Proportionate Share	-0.00099020%	0.00152608%	
Proportionate Share of the Net Pension Liability	$2,393,162	$8,535,728	$10,928,890
Pension Expense	$183,554	$963,136	$1,146,690

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	$131,251	$197,032	$328,283
Changes of assumptions	54,044	1,512,691	1,566,735
Changes in proportion and differences between School District contributions and proportionate share of contributions	7,123	474,510	481,633
School District contributions subsequent to the measurement date	177,955	659,849	837,804
Total Deferred Outflows of Resources	$370,373	$2,844,082	$3,214,455
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$55,744	$55,744
Net difference between projected and actual earnings on pension plan investments	66,307	517,597	583,904
Changes in proportion and differences between School District contributions and proportionate share of contributions	63,326	27,330	90,656
Total Deferred Inflows of Resources	$129,633	$600,671	$730,304

$837,804 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$143,092	$880,606	$1,023,698
2021	18,561	601,218	619,779
2022	(78,539)	157,572	79,033
2023	(20,329)	(55,834)	(76,163)
Total	$62,785	$1,583,562	$1,646,347

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:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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	$3,370,949	$2,393,162	$1,573,353

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	$12,465,307	$8,535,728	$5,209,872

<u>Note 10 – Other Postemployment Benefits</u>

See note 9 for a description of the net OPEB liability

<u>Plan Description - School Employees Retirement System (SERS)</u>

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 $24,446.

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 $31,037 for fiscal year 2019.

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.

Net OPEB Liability (Asset), 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.04339340%	0.03729430%	
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.04238610%	0.03882040%	
Change in Proportionate Share	-0.00100730%	0.00152610%	
Proportionate Share of the Net OPEB Liability	$1,175,905	$0	$1,175,905
Proportionate Share of the Net OPEB Asset	$0	($623,804)	($623,804)
OPEB Expense	$50,149	($1,343,952)	($1,293,803)

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	$19,195	$72,862	$92,057
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	54,381	54,381
School District contributions subsequent to the measurement date	31,037	0	31,037
Total Deferred Outflows of Resources	$50,232	$127,243	$177,475
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$36,344	$36,344
Changes of assumptions	105,646	849,982	955,628
Net difference between projected and actual earnings on OPEB plan investments	1,764	71,265	73,029
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	38,239	0	38,239
Total Deferred Inflows of Resources	$145,649	$957,591	$1,103,240

$31,037 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	($50,895)	($149,337)	($200,232)
2021	(41,213)	(149,337)	(190,550)
2022	(10,553)	(149,335)	(159,888)
2023	(9,801)	(133,150)	(142,951)
2024	(9,924)	(127,470)	(137,394)
Thereafter	(4,068)	(121,719)	(125,787)
Total	($126,454)	($830,348)	($956,802)

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:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

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

Sensitivity of the 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	$1,426,868	$1,175,905	$977,189

	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	$948,740	$1,175,905	$1,476,713

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	7.45 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.

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 actual rate of return, without net value added by management.

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

Sensitivity of the 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	($534,658)	($623,804)	($698,726)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($694,497)	($623,804)	($552,009)

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service.

Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and non-certified 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 230 days for all employees. For non-certified employees, upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 62.5 days. If certified employees do not elect retirement in their first year of eligibility, payment is made for 25 percent (one payment) or 35 percent (two payments) of accrued, but unused sick leave credit to a maximum of 75 and 105 days, respectively.

Note 12 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Amount Outstanding 6/30/18	Additions	Deductions	Amount Outstanding 6/30/19	Amounts Due Within One Year
Governmental Activities					
2008 School Improvement General Obligation Refunding Bonds – 3.846%	$309,000	$0	($309,000)	$0	$0
Premium on Debt Issue	1,937	0	(1,937)	0	0
2012 Energy Conservation Bonds – 1.150%-2.750%	320,000	0	(35,000)	285,000	5,000
Premium on Debt Issue	11,588	0	(1,325)	10,263	0
Total Long-Term Bonds	642,525	0	(347,262)	295,263	5,000
Compensated Absences	1,181,354	337,113	(276,052)	1,242,415	92,940
Net Pension Liability	11,415,122	0	(486,232)	10,928,890	0
Net OPEB Liability	2,619,651	0	(1,443,746)	1,175,905	0
Total Governmental Activities Long-Term Obligations	$15,858,652	$337,113	($2,553,292)	$13,642,473	$97,940

School Improvement Bonds - In June 2008, the School District issued $2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds. The bonds were issued for an 11-year period with final maturity during fiscal year 2019. The bonds were repaid from the bond retirement fund and paid in full during fiscal year 2019.

Energy Conservation Bonds - In March 2012, the School District received $544,869 in loan proceeds, which included $19,869 in premiums, for an energy efficiency project. The bonds carry coupon rates between 1.15 percent and 2.75 percent for a 15-year period with the final payment due in fiscal year 2027. The bonds will be repaid from the general fund.

Compensated absences will be paid from the termination benefits fund, which has been presented as part of the general fund for GAAP reporting purposes. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was $12,916,197 with an unvoted debt margin of $137,731 and an energy conservation debt limit of $954,581 at June 30, 2019.

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

Fiscal Year	Energy Conservation Bonds	
Ending June 30	Principal	Interest
2020	$5,000	$37,700
2021	35,000	7,700
2022	40,000	6,738
2023	40,000	5,638
2024	40,000	4,537
2025-2027	125,000	7,011
Total	$285,000	$69,324

Note 13 – Set-Aside Calculations

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 fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal 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 Acquisitions
Set-Aside Balance as of June 30, 2018	$0
Current Fiscal Year Set-Aside Requirement	184,283
Qualifying Disbursements	(168,035)
Totals	$16,248
Set-Aside Balance Carried Forward to Future Fiscal Years	$16,248
Set-Aside Balance as of June 30, 2019	$16,248

Amounts of offsets and qualifying disbursements presented in the table for capital acquisitions were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements for capital acquisitions during the fiscal year, this extra amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 14 – Jointly Governed Organizations

Hamilton/Clermont Cooperative Association

The School District is a participant in a two-county consortium of school districts to operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid $31,322 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Vince Colaluca, Executive Director, at their administrative offices at 1007 Cottonwood Drive, Loveland, Ohio 45140.

U.S. Grant Joint Vocational School

The U.S. Grant 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 four participating school districts' elected boards with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S. Grant Joint Vocational School, Patricia Patton, who serves as Treasurer, at 718 West Plane Street, Bethel, Ohio 45106.

Note 15 – Insurance Purchasing Pools

Clermont County Insurance Consortium

The Williamsburg Local School District is a member of the Clermont County Insurance Consortium, an insurance purchasing pool. A number of Clermont County school districts and the Clermont County Educational Service Center have entered into an agreement to form the Clermont County Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of health, dental, life, and/or other insurance benefits for the Consortium members' employees and their dependents. The Consortium's business and affairs are managed by a Board of Directors, consisting of the superintendents (or their designees) from each of the participating school districts and the educational service center.

The School District pays premiums based on what the Consortium estimates will cover the costs of all claims for which the Consortium is obligated. If the School District's claims exceeded its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Consortium views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the current fiscal agent, Clermont County Educational Service Center at 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

On January 1, 2017, Clermont County Insurance Consortium joined the Southwestern Ohio Educational Purchasing Council (EPC) for health, dental, vision, and life insurances. The Clermont County Insurance Consortium is no longer self-funded as of January 1, 2017. The Southwestern Ohio Educational Purchasing Council (EPC) is a council of governments with over 40 years of service experience, pooling the purchase power of 180 Ohio School Districts. All insurances operate as if they are a fully insured plan where districts pay an annual premium (as determined by EPC) for their coverages. As of January 1, 2017 districts pay monthly premiums directly to EPC.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 16 – Interfund Activity

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2019 were as follows:

	Transfers To	Transfers From
Major Fund:		
General Fund	$0	$174,300
Nonmajor Fund:		
Extracurricular Activities Fund	174,300	0
Total All Funds	$174,300	$174,300

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Interfund Receivables/Payables

At June 30, 2019, the School District had the following outstanding interfund balances:

	Receivables	Payables
Major Fund:		
General Fund	$9,519	$0
Nonmajor Funds:		
Permanent Improvement Fund	0	7,300
High Schools That Work Fund	0	1,810
IDEA B Fund	0	409
Total All Funds	$9,519	$9,519

The general fund advanced funds to the permanent improvement fund to provide funding for change orders to the Abrams Stadium project. This advance was made in a prior year but was not yet repaid. The general fund advanced funds to other special revenue funds in anticipation of grant revenues. These funds are expected to be repaid in the subsequent fiscal year.

Note 17 - Contingencies

Litigation

The School District is not currently party to legal proceedings.

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 School District at June 30, 2019.

State Foundation Funding

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

Note 18 – Fund Balances

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted for			
Other Purposes	$0	$8,309	$8,309
Debt Service	0	520,391	520,391
Extracurricular Activities	0	79,403	79,403
Set-Asides	16,248	0	16,248
Total Restricted	16,248	608,103	624,351
Committed for			
Severance Benefits	36,055	0	36,055
Capital Projects	0	94,289	94,289
Other Purposes	163,946	0	163,946
Total Committed	200,001	94,289	294,290
Assigned to			
Student and Staff Support	22,456	0	22,456
Subsequent Budget Deficit	1,019,919	0	1,019,919
Other Purposes	121,469	0	121,469
Total Assigned	1,163,844	0	1,163,844
Unassigned (Deficit)	1,320,815	(37,969)	1,282,846
Total Fund Balances	$2,700,908	$664,423	$3,365,331

Note 19 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2019:

Nonmajor Funds:	
Lunchroom	$2,740
IDEA B	5,608
Title I	29,621

These deficits resulted from payables recorded in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 20 - Encumbrances

At June 30, 2019, the School District had encumbrance commitments in governmental funds as follows:

Major Fund:	
General	$295,102
Nonmajor Funds:	
Other Grants	117
Extracurricular Activities	25,978
Total Encumbrances	$321,197

Williamsburg Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years

	2013	2014	2015	2016	2017	2018
State Teachers Retirement System						
School District's proportion of the net pension liability	0.03519986%	0.03519986%	0.03606014%	0.03636769%	0.03729429%	0.03882037%
School District's proportionate share of the net pension liability	$10,198,789	$8,561,824	$9,965,968	$12,173,362	$8,859,339	$8,535,728
School District's covered-employee payroll	$3,623,400	$3,633,715	$3,700,686	$3,946,743	$4,164,057	$4,462,143
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	281.5%	235.6%	269.3%	308.4%	212.8%	191.3%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%
School Employees Retirement System						
School District's proportion of the net pension liability	0.04095699%	0.04095699%	0.04332470%	0.04354030%	0.04277620%	0.04178600%
School District's proportionate share of the net pension liability	$2,435,581	$2,072,810	$2,472,149	$3,186,748	$2,555,783	$2,393,162
School District's covered-employee payroll	$1,084,566	$1,170,007	$1,280,918	$1,316,400	$1,377,943	$1,293,170
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	224.6%	177.2%	193.0%	242.1%	185.5%	185.1%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2013.
See accompanying notes to the required supplementary information.

Williamsburg Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Three Fiscal Years

	2016	2017	2018
State Teachers Retirement System			
School District's proportion of the net OPEB liability (asset)	0.03636769%	0.03729430%	0.03882040%
School District's proportionate share of the net OPEB liability (asset)	$1,994,508	$1,455,086	($623,804)
School District's covered-employee payroll	$3,946,743	$4,164,057	$4,462,143
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	50.5%	34.9%	-14.0%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%
School Employees Retirement System			
School District's proportion of the net OPEB liability	0.04354030%	0.04339340%	0.04238610%
School District's proportionate share of the net OPEB liability	$1,236,872	$1,164,565	$1,175,905
School District's covered-employee payroll	$1,316,400	$1,377,943	$1,293,170
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	94.0%	84.5%	90.9%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2016.
See accompanying notes to the required supplementary information.

Williamsburg Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
State Teachers Retirement System										
Contractually required contribution - pension	$491,445	$518,232	$508,371	$471,042	$472,383	$518,096	$552,544	$582,968	$624,700	$659,849
Contractually required contribution - OPEB	37,803	39,864	39,105	36,234	36,337	0	0	0	0	0
Contractually required contribution - total	529,248	558,096	547,476	507,276	508,720	518,096	552,544	582,968	624,700	659,849
Contributions in relation to the contractually required contribution	529,248	558,096	547,476	507,276	508,720	518,096	552,544	582,968	624,700	659,849
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered-employee payroll	$3,780,346	$3,986,400	$3,910,546	$3,623,400	$3,633,715	$3,700,686	$3,946,743	$4,164,057	$4,462,143	$4,713,207
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution - pension	$201,570	$153,403	$152,364	$150,104	$162,163	$168,825	$184,296	$192,912	$174,578	$177,955
Contractually required contribution - OPEB (1)	6,848	17,452	6,230	1,735	1,638	10,504	0	0	6,466	6,591
Contractually required contribution - total	208,418	170,855	158,594	151,839	163,801	179,329	184,296	192,912	181,044	184,546
Contributions in relation to the contractually required contribution	208,418	170,855	158,594	151,839	163,801	179,329	184,296	192,912	181,044	184,546
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered-employee payroll	$1,488,700	$1,220,390	$1,132,818	$1,084,566	$1,170,007	$1,280,918	$1,316,400	$1,377,943	$1,293,170	$1,318,185
Contributions as a percentage of covered-employee payroll - pension	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%
Contributions as a percentage of covered-employee payroll - OPEB	0.46%	1.43%	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms – For fiscal year 2019, there were no changes to benefit terms.

Changes in assumptions – For fiscal year 2019, there were no changes in assumptions.

OPEB

Changes in benefit terms – For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

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

Changes in assumptions – For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 6 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms – For fiscal year 2019, there were no changes to benefit terms.

Changes in assumptions – For fiscal year 2019, there were no changes in assumptions.

OPEB

Changes in benefit terms – For fiscal year 2019, there were no changes to benefit terms.

Changes in assumptions – For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
    - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
    - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

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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*

December 20, 2019

Williamsburg Local School District
Clermont County
549-A West Main Street
Williamsburg, Ohio 45176

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 **Williamsburg Local School District**, Clermont County, (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School 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 School 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 School 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 School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE
KEITH FABER

WILLIAMSBURG LOCAL SCHOOL DISTRICT

CLERMONT 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