ATHENS-MEIGS EDUCATIONAL SERVICE CENTER
ATHENS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ATHENS-MEIGS EDUCATIONAL SERVICE CENTER
ATHENS COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Athens-Meigs Educational Service Center
Athens County
21 Birge Drive
Chauncey, Ohio 45719

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Athens-Meigs Educational Service Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center'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 Center'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 Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Athens-Meigs Educational Services Center, Athens County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, during fiscal year 2018, the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017 and Statement* No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The budgetary schedules for the General Fund, Martha Jennings Grant Fund, Special Ed Grant Fund and the Head Start Fund present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019, on our consideration of the Center'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 Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Athens-Meigs Educational Service Center's (the Center) discussion and analysis of the annual financial report provides a review of the Center's financial performance for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the Center's financial performance.

FINANCIAL HIGHLIGHTS

- The Center's net position of governmental activities increased $2,947,543.

- General revenues accounted for $172,111 in revenue or 2 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $8,749,067 or 98 percent of total revenues of $8,921,178.

- The Center had $5,973,635 in expenses; All of these expenses were offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The statement of net position and statement of activities provide information about the activities of the Center as a whole and present a longer-term view of the Center's 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 the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CENTER AS A WHOLE

The analysis of the Center as a whole begins with the statement of net position and the statement of activities. These reports provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets, deferred outflows and inflows of resources, and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net position and changes to that position. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

In the statement of net position and the statement of activities, the Center has only one kind of activity.

- Governmental Activities. Most of the Center's programs and services are reported here including instruction and support services.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial statements provide detailed information about the Center's major funds – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Center's major funds are the General Fund, Martha Jennings Grant Fund, Special Ed Grant Fund, and Head Start Fund.

Governmental Funds Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational support services. 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 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 Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The Center's fiduciary funds are an agency fund, which is used to maintain financial activity of the Center's Webcheck fingerprinting, and a private purpose trust fund, which is used to maintain the financial activity of the Center's scholarship funds.

THE CENTER AS A WHOLE

As stated previously, the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities	
	2018	2017*
Assets		
Current and Other Assets	$ 1,246,452	$ 1,382,935
Capital Assets, Net	1,879,676	1,999,684
Total Assets	3,126,128	3,382,619
Deferred Outflows of Resources		
Pensions	2,489,195	2,555,579
OPEB	150,169	43,399
	2,639,364	2,598,978
Liabilities		
Current and Other Liabilities	776,067	871,300
Long-Term Liabilities:		
Due Within One Year	17,230	19,410
Due in More than One Year:		
Net Pension Liabilities	9,426,797	12,465,749
Net OPEB Liabilities	2,888,627	3,275,433
Other Amounts	74,259	126,642
Total Liabilities	13,182,980	16,758,534
Deferred Inflows of Resources		
Pensions	844,077	758,758
OPEB	326,587	-
	1,170,664	758,758
Net Position		
Net Investment in Capital Assets	1,867,060	1,981,530
Restricted	452,333	666,359
Unrestricted (Deficit)	(10,907,545)	(14,183,584)
Total Net Position (Deficit)	$ (8,588,152)	$ (11,535,695)

*As restated – see Note 17 for additional information

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Center adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Center is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($8,303,661) to ($11,535,695).

Total net position of the Center as a whole increased $2,947,543. The decrease to current and other assets is primarily due to a decreases in cash with the Center at fiscal year-end. Capital assets, net decreased due to current year depreciation expense, which was partially offset by current year additions. Deferred outflows of resources increased due to pension and OPEB activity. Current and other liabilities decreased primarily to a decrease in accrued wages and benefits. Long-term liabilities decreased primarily due to net pension/OPEB liabilities. Deferred inflows of resources increased due primarily to pension/OPEB activity.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018 as compared to 2017.

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017*
Revenues		
Program Revenues		
Charges for Services and Sales	$ 4,136,381	$ 3,835,140
Operating Grants and Contributions	4,612,686	4,711,866
Total Program Revenues	8,749,067	8,547,006
General Revenues		
Grants and Entitlements Not Restricted to Specific Programs	19,242	16,304
Investment Earnings	7,075	1,562
Gifts and Donations Not Restricted	669	3,855
Miscellaneous	145,125	84,343
Total General Revenues	172,111	106,064
Total Revenues	8,921,178	8,653,070
Program Expenses		
Instruction:		
Regular	1,036,897	1,280,708
Special	1,480,578	1,883,647
Vocational	12,687	16,704
Adult/Continuing	1,040	54,345
Other	33,170	36,593
Support Services:		
Pupils	725,475	1,518,269
Instructional Staff	702,672	1,851,879
Board of Education	54,508	64,789
Administration	526,885	732,338
Fiscal	512,957	632,400
Operation and Maintenance of Plant	289,652	199,689
Pupil Transportation	297,264	514,291
Central	58,538	55,113
Operation of Non-Instructional Services	240,370	242,501
Interest and Fiscal Charges	942	1,157
Total Expenses	5,973,635	9,084,423
Change in Net Position	2,947,543	(431,353)
Net Position, Beginning of Year - As Restated	(11,535,695)	(7,872,308)
Net Position, End of Year	$ (8,588,152)	$ (8,303,661)

*Information for the implementation of GASB 75 with regards to expenses was not available and therefore amounts were not restated. See note 17 for additional information.

GOVERNMENTAL ACTIVITIES

Charges for services and sales comprised 46 percent of revenue for governmental activities, while operating grants and contributions comprised 52 percent of revenue for governmental activities of the Center for fiscal year 2018. Charges for services and sales increased as a result of an increase in tuition receipts in the general fund. Operating grants and contributions decreased as a result of a decrease in monies received from the Title VI-B Special Education.

As indicated by governmental program expenses, instruction and support services for the benefit of the pupils are emphasized. Support services for pupils comprised 12 percent of governmental program expenses, regular instruction comprised 17 percent, instructional staff comprised 12 percent, and special instruction comprised 25 percent of government expenses. The decrease in expenses is due to the pension and OPEB activity in 2018.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction	$ 2,564,372	$ (790,011)	$ 3,271,997	$ 64,891
Support Services	3,167,951	(1,989,313)	5,568,768	478,158
Operation of Non-Instructional Services	240,370	2,950	242,501	(6,789)
Interest and Fiscal Charges	942	942	1,157	1,157
Total Expenses	$ 5,973,635	$ (2,775,432)	$ 9,084,423	$ 537,417

THE CENTER'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting.

The General Fund balance increased $307,926. The General Fund had revenues and other financing sources of $4,343,028 and expenditures of $4,035,102.

The fund balance of the Martha Jennings Grant Fund increased $54,291. The fund had revenues of $321,972 and expenditures of $267,681.

The Special Ed Grant Fund balance decreased $17,493. The fund had revenues of $1,263,034 and expenditures of $1,280,527.

The Head Start Fund balance decreased $115,299. The fund had revenues of $2,261,361, and expenditures of $2,376,660.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the Center had $1,879,676 invested in its capital assets. Table 4 shows the fiscal year 2018 balances compared to 2017.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 8,230	$ 8,230
Land Improvements	17,295	18,672
Leasehold Improvements	20,464	22,952
Buildings and Building Improvements	1,247,828	1,331,622
Furniture and Equipment	506,608	510,399
Vehicles	79,251	107,809
Totals	$ 1,879,676	$ 1,999,684

Changes in capital assets from the prior year resulted from the additions and current year depreciation. See Note 5 to the basic financial statements for more detailed information related to capital assets.

Debt

As of June 30, 2018, the Center had a capital lease outstanding in the amount of $12,616, with $4,950 due in one year. The lease was for the purchase of copiers. For additional information regarding leases and other long term obligations, please see Note 4 of the notes to the basic financial statements.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's financial condition and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bryan Swann, Treasurer, Athens-Meigs Educational Service Center, 21 Birge Drive, Chauncey, Ohio 45719.

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Athens-Meigs Educational Service Center
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 554,343
Investments	2,464
Intergovernmental Receivable	610,436
Prepaid Items	79,209
Noncurrent Assets:	
Non-Depreciable Capital Assets	8,230
Depreciable Capital Assets, net	1,871,446
Total Assets	3,126,128
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	1,547,244
School Employees Retirement System	941,951
OPEB:	
State Teachers Retirement System	45,963
School Employees Retirement System	104,206
Total Deferred Outflows of Resources	2,639,364
LIABILITIES:	
Current Liabilities:	
Accounts Payable	18,433
Accrued Wages and Benefits	638,275
Intergovernmental Payable	119,359
Non-Current Liabilities:	
Due Within One Year	17,230
Due in More Than One Year:	
Net Pension Liability (See Note 6)	9,426,797
Net OPEB Liability (See Note 7)	2,888,627
Other Amounts Due in More Than One Year	74,259
Total Liabilities	13,182,980
DEFERRED INFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	724,327
School Employees Retirement System	119,750
OPEB:	
State Teachers Retirement System	122,502
School Employees Retirement System	204,085
Total Deferred Inflows of Resources	1,170,664
NET POSITION:	
Net Investment in Capital Assets	1,867,060
Restricted for:	
Martha Jennings	200,005
Special Education	81,925
Miscellaneous State Grants	24,053
Other Purposes	146,350
Unrestricted (Deficit)	(10,907,545)
Total Net Position	$ (8,588,152)

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 1,036,897	$ 154,487	$ 891,062	$ 8,652
Special	1,480,578	1,345,956	911,902	777,280
Vocational	12,687	1,092	13,810	2,215
Adult/Continuing	1,040	1,602	-	562
Other	33,170	2,526	31,946	1,302
Support Services:				
Pupils	725,475	1,164,640	300,108	739,273
Instructional Staff	702,672	568,641	1,223,098	1,089,067
Board of Education	54,508	50,390	3,959	(159)
Administration	526,885	421,647	306,109	200,871
Fiscal	512,957	343,899	175,587	6,529
Operation and Maintenance of Plant	289,652	35,868	232,667	(21,117)
Pupil Transportation	297,264	20,130	254,597	(22,537)
Central	58,538	8,107	47,817	(2,614)
Operation of Non-Instructional Services	240,370	17,396	220,024	(2,950)
Interest and Fiscal Charges	942	-	-	(942)
Total Governmental Activities	$ 5,973,635	$ 4,136,381	$ 4,612,686	2,775,432
General Revenues:				
Grants and Entitlements not Restricted to Specific Programs				19,242
Gifts and Donations not Restricted				669
Investment Earnings				7,075
Miscellaneous				145,125
Total General Revenues				172,111
Change in Net Position				2,947,543
Net Position Beginning of Year - As Restated				(11,535,695)
Net Position End of Year				$ (8,588,152)

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Educational Service Center
Balance Sheet
Governmental Funds
June 30, 2018

	General	Martha Jennings Grant	Special Ed Grant	Head Start	All Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	$ 200,431	$ 227,006	$ -	$ -	$ 126,906	$ 554,343
Investments	2,464	-	-	-	-	2,464
Interfund Receivable	407,766	-	-	-	-	407,766
Intergovernmental Receivable	186,668	1,464	214,149	8,530	199,625	610,436
Prepaid Items	-	-	-	79,209	-	79,209
Total Assets	$ 797,329	$ 228,470	$ 214,149	$ 87,739	$ 326,531	$ 1,654,218
LIABILITIES:						
Accounts Payable	$ 11,765	$ 186	$ 296	$ 3,216	$ 2,970	$ 18,433
Accrued Wages and Benefits	358,841	16,830	38,097	156,037	68,470	638,275
Interfund Payable	-	-	70,419	270,760	66,587	407,766
Intergovernmental Payable	62,927	5,686	9,843	26,816	14,087	119,359
Total Liabilities	433,533	22,702	118,655	456,829	152,114	1,183,833
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Grants	-	-	94,889	-	60,704	155,593
Total Deferred Inflows of Resources	-	-	94,889	-	60,704	155,593
FUND BALANCES:						
Nonspendable	7,958	-	-	79,209	-	87,167
Restricted	-	205,768	605	-	130,275	336,648
Committed	90,011	-	-	-	-	90,011
Unassigned(Deficit)	265,827	-	-	(448,299)	(16,562)	(199,034)
Total Fund Balances	363,796	205,768	605	(369,090)	113,713	314,792
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 797,329	$ 228,470	$ 214,149	$ 87,739	$ 326,531	$ 1,654,218

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Education Service Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 314,792
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.		1,879,676
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Intergovernmental	155,593	
Total		155,593
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	2,489,195	
Deferred outflows of resources related to OPEB	150,169	
Deferred inflows of resources realted to pensions	(844,077)	
Deferred inflows of resources realted to OPEB	(326,587)	
Net Pension Liability	(9,426,797)	
Net OPEB Liability	(2,888,627)	
		(10,846,724)
Long-term liabilities, including capital leases and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(78,873)	
Capital Leases	(12,616)	
Total		(91,489)
Net Position of Governmental Activities		$ (8,588,152)

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Educational Service Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Martha Jennings Grant	Special Ed Grant	Head Start	All Other Governmental Funds	Total Governmental Funds
REVENUES:						
Intergovernmental	$ 309,248	$ -	$ 1,263,034	$ 2,261,361	$ 957,085	$ 4,790,728
Interest	7,075	-	-	-	-	7,075
Tuition and Fees	3,284,102	150,704	-	-	18,889	3,453,695
Gifts and Donations	669	-	-	-	1,638	2,307
Charges for Services and Sales	510,510	171,155	-	-	1,021	682,686
Miscellaneous	144,932	113	-	-	80	145,125
Total Revenues	4,256,536	321,972	1,263,034	2,261,361	978,713	9,081,616
EXPENDITURES:						
Current:						
Instruction:						
Regular	88,757	18,101	-	988,290	4,845	1,099,993
Special	1,366,571	76,035	-	291,903	333,184	2,067,693
Vocational	-	15,587	-	-	-	15,587
Adult/Continuing	1,692	-	-	-	-	1,692
Other	-	36,743	-	-	-	36,743
Support Services:						
Pupils	1,207,154	40,604	64,394	161,276	69,925	1,543,353
Instructional Staff	519,479	44,075	901,421	58,992	391,264	1,915,231
Board of Education	52,890	-	-	4,468	-	57,358
Administration	419,306	1,108	185,515	130,804	31,841	768,574
Fiscal	349,049	19,680	64,767	101,108	14,628	549,232
Operation and Maintenance of Plant	18,454	15,192	54,834	192,578	-	281,058
Pupil Transportation	-	556	-	288,498	-	289,054
Central	4,569	-	-	49,321	4,648	58,538
Operation of Non-Instructional Services	-	-	-	107,024	144,574	251,598
Capital Outlay	7,181	-	3,116	2,398	7,549	20,244
Debt Service:						
Principal	-	-	5,538	-	-	5,538
Interest and Fiscal Charges	-	-	942	-	-	942
Total Expenditures	4,035,102	267,681	1,280,527	2,376,660	1,002,458	8,962,428
Excess of Revenues Over (Under) Expenditures	221,434	54,291	(17,493)	(115,299)	(23,745)	119,188
OTHER FINANCING SOURCES AND USES						
Transfers In	86,492	-	-	-	-	86,492
Transfers Out	-	-	-	-	(86,492)	(86,492)
Total Other Financing Sources and Uses	86,492	-	-	-	(86,492)	-
Net Change in Fund Balances	307,926	54,291	(17,493)	(115,299)	(110,237)	119,188
Fund Balance (Deficit) at Beginning of Year	55,870	151,477	18,098	(253,791)	223,950	195,604
Fund Balance (Deficit) at End of Year	$ 363,796	$ 205,768	$ 605	$ (369,090)	$ 113,713	$ 314,792

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 119,188
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Current Year Additions	20,244	
Current Year Depreciation	(140,252)	
Total		(120,008)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(160,438)	
Total		(160,438)
Contractually required contributions for pensions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		620,359
Contractually required contributions for OPEB are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		55,268
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		2,266,890
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		111,721
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.		5,538
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	49,025	
Total		49,025
Net Change in Net Position of Governmental Activities		$ 2,947,543

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Education Service Center

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust Fund	Agency Fund
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	$ 11,501	$ 45,974
LIABILITIES:		
Undistributed Monies	-	$ 45,974
NET POSITION:		
Held in Trust for Scholarships	11,501	
Total Net Position	$ 11,501	

The notes to the basic financial statements are an integral part of this statement.

Athens-Meigs Educational Service Center

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
ADDITIONS:	
Interest	$ 134
Total Additions	134
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	1,500
Change in Net Position	(1,366)
Net Position Beginning of Year	12,867
Net Position End of Year	$ 11,501

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE CENTER AND REPORTING ENTITY

Description of the Entity:

The Athens-Meigs Educational Service Center (the Center) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is a County Educational Service Center as defined by Section 3311.05 of the Ohio Revised Code. The Center is an administrative entity providing supervision and certain other services to the local school districts located within Athens, Meigs, and Perry Counties. It currently operates under a locally elected Governing Board form of government consisting of nine members elected in the following manner: seven members from sub-districts composed of the 7 school districts in Athens, Meigs and Perry Counties; and two members at large from sub-districts composed of the 7 school districts in Athens, Meigs and Perry Counties.

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 of the Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations for which the Center approves the budget, the issuance of debt or the levying of taxes. As of June 30, 2018, the Center had no component units.

The Center is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 9 and Note 10 to the basic financial statements. These organizations are:

Jointly Governed:
- Metropolitan Educational Technology Association (META) Solutions
- Tri-County Career Center
- Athens County School Employees Health and Welfare Benefit Association

Insurance Purchasing Pool:
- Ohio School Boards Association Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Center's significant accounting policies are described below.

A. Basis of Presentation

The Center'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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government. The statement of net position presents the financial condition of governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center. 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 Center.

Fund Financial Statements:

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

B. Fund Accounting

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts. The funds of the Center fall within two categories: governmental and fiduciary.

Governmental Funds:

Governmental funds are those through which all governmental functions of the Center are financed. The acquisition, use, and balances of the Center's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The following are the Center's major governmental funds:

> *General Fund* - The General Fund is the operating fund of the Center and is used to account for all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Center for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> *Martha Jennings Grant Fund*– The Martha Jennings Grant Fund is a fund used to account for the proceeds of the Martha Jennings grant. The primary source of revenue for the Martha Jennings Grant Fund is grant monies received from specific revenue sources, except for State and Federal grants.
>
> *Special Ed Grant Fund* – The Special Ed Grant Fund is a fund used to account for grant monies used to assist in providing an appropriate public education to all children with disabilities. The primary source of revenue for the Special Ed Grant Fund is grant monies received from federal sources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Head Start Fund – The Head Start Fund distributes monies to agencies to expand their programs to serve more eligible children, including the lease of additional classroom space, to acquire materials, to pay license fees, and to hire and train Head Start agency staff. The primary source of revenue for the Head Start Fund is grant monies received from federal sources.

The other governmental funds of the Center 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 Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's programs. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The Center's fiduciary funds are comprised of private purpose trust and agency funds.

The Center's private purpose trust fund is used to maintain the financial activity of the Center's scholarship funds. The Center has an agency fund used to account for the activity of Webcheck fingerprinting.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities and all deferred outflows/inflows associated with the operation of the Center 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.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities, the recording of net pension/OPEB liabilities, and in the presentation of expenses versus expenditures.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. 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 that specify the year when the resources are required to be used to the fiscal year when use is first permitted. Eligibility requirements also include matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center 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: interest, grants, tuition and fees and customer sales and services.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

Deferred Outflows and Deferred Inflows of Resources Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The Center reports a deferred outflow of resources for pensions/OPEB. The deferred outflows of resources related to the pensions and OPEB are explained in Notes 6 and 7, respectively. The Center also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the Center these amounts normally would consist of intergovernmental receivables which are not collected in the available period and pensions/OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet for 2018 is due to pensions, OPEB and also for unavailable grant revenue. Deferred inflows of resources related to pensions and OPEB are reported on the Statement of Net Position.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The focus of modified accrual basis 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, except for the costs of accumulated unpaid vacation, personal leave and sick leave. They are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the Center is pooled. Monies for all funds are maintained in this pool, with the exception of one Special Revenue Fund that is held in a certificate of deposit, and a portion of the General Fund held in the form of common stock. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2018, investments were limited to certificates of deposits, STAR Ohio, and common stock. The common stock was received as a donation and is held in the General Fund. Investments are recorded at fair value that is based upon quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2018, 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, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Governing Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $7,075.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of $500. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15-20 years
Leasehold Improvements	10-15 years
Buildings and Building Improvements	10-50 years
Furniture and Equipment	5-10 years
Vehicles	5-15 years

F. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the funding is available.

G. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities are eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy.

For governmental funds, the Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The Center records a liability for accumulated unused sick leave for employees based on age and years of service.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

I. 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 full and in a timely manner from current financial resources, are reported as obligations of the funds. However, claims and judgments and special termination benefits 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 year.

The Center had long-term obligations at June 30, 2018 as disclosed in Note 4.

J. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred outflows and inflows related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. The Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Center's restricted net position, none are restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Center 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 classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Center 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 Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Center 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 other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Center 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.

L. Interfund Balances

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

M. Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Flow-Through Grants

The Center is the primary recipient of grants, which are passed-through to or spent on the behalf of other governmental agencies. When the Center has a financial or administrative role in the grants, the grants are reported as revenues and intergovernmental expenditures in a special revenue fund.

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB expense, information about the fiduciary net position of the pension 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.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Center maintains a cash and investment pool used by all funds. Each fund's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents" and "Investments." State statutes classify monies held by the Center into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Center 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 Center 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 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;

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (continued)

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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 and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution .

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

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

Deposits Custodial credit risk is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $805,045 of the Center's bank balance of $1,208,466 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the Federal Deposit Insurance Corporation

The Center does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center 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.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Investments As of June 30, 2018, the Center had the following investments:

	Fair/Carrying Value	Weighted Average Maturity (Years)
Common Stock	$4,723	< One Year
STAR Ohio	28,447	< One Year
Totals	$33,170	

The Center 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 Center's recurring fair value measurements as of June 30, 2018. As discussed further in Note 2D, STAR Ohio is reported at its share price. All other investments of the Center are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the Center limits its investments to donated stock, STAR Ohio and certificates of deposit. Investments in preferred stock should be rated "A" or better by Moody's or S&P at the time of purchase. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy does not limit the amount it may invest in a single issuer. 14% of the Center's investments are in stocks and 86% are in STAR Ohio.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center 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 Center's securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

NOTE 4 - LONG-TERM LIABILITIES AND LEASE OBLIGATIONS

Long-Term Liabilities

The changes in the Center's long-term liabilities during fiscal year 2018 were as follows:

	Balance at 6/30/2017*	Increase	Decrease	Balance at 6/30/2018	Amount Due In One Year
Compensated Absences	$127,898	$567,394	$616,419	$78,873	$12,280
Capital Lease	18,154	-	5,538	12,616	4,950
Net Pension Liability:					
STRS	7,008,623	-	2,160,813	4,847,810	-
SERS	5,457,126	-	878,139	4,578,987	-
Total Net Pension Liability	12,465,749	-	3,038,952	9,426,797	-
Net OPEB Liability:					
STRS	1,119,777	-	323,558	796,219	-
SERS	2,155,656	-	63,248	2,092,408	-
Total Net OPEB Liability	3,275,433	-	386,806	2,888,627	-
Total Long-Term Liabilities	$15,887,234	$567,394	$4,047,715	$12,406,913	$17,230

*As restated for GASB75. See Note 17 for additional information.

Compensated absences are paid from the fund from which the employee is paid, with the General Fund being the most significant.

Lease Obligation

During the prior fiscal year, the Center entered into a lease for the purchase of copiers. The capital assets under this lease have been capitalized in the amount of $26,040. The lease is being paid from the Title VI-B Fund. The annual requirements to amortize the lease obligation outstanding as of June 30, 2018 are as follows:

Year Ending June 30	Amount
2019	$ 5,477
2020	5,976
2021	1,992
Total	13,445
Less: Amount Representing Interest	(829)
Present Value of Net Minimum Lease Payments	$ 12,616

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance 6/30/2017	Additions	Deletions	Ending Balance 6/30/2018
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 8,230	$ -	$ -	$ 8,230
Total Capital Assets, Not Being Depreciated	8,230	-	-	8,230
Capital Assets Being Depreciated				
Land Improvements	47,665	-	-	47,665
Leasehold Improvements	58,000	-	-	58,000
Buildings and Building Improvements	2,403,452	-	-	2,403,452
Furniture and Equipment	1,195,892	20,244	-	1,216,136
Vehicles	620,401	-	-	620,401
Total Capital Assets, Being Depreciated	4,325,410	20,244	-	4,345,654
Less Accumulated Depreciation:				
Land Improvements	(28,993)	(1,377)	-	(30,370)
Leasehold Improvements	(35,048)	(2,488)	-	(37,536)
Building and Building Improvements	(1,071,830)	(83,794)	-	(1,155,624)
Furniture and Equipment	(685,493)	(24,035)	-	(709,528)
Vehicles	(512,592)	(28,558)	-	(541,150)
Total Accumulated Depreciation	(2,333,956)	(140,252)	-	(2,474,208)
Total Depreciable Capital Assets, Net	1,991,454	(120,008)	-	1,871,446
Governmental Activities Capital Assets, Net	$ 1,999,684	$ (120,008)	$ -	$ 1,879,676

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$81,292
Special Instruction	2,607
Adult/Continuing Instruction	35
S.S. - Instructional Staff	6,874
S.S. - Administration	10,037
S.S. - Fiscal	1,140
S.S. - Operation and Maintenance of Plant	8,594
S.S. - Pupil Transportation	28,887
Operation of Non-Instructional Services	786
Total Depreciation Expense	$140,252

NOTE 6 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year in included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - School Employees Retirement System (SERS) (continued)

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 year 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.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, 13.5% was designated to pension, death benefits, and Medicare B. There was 0.5% allocated to the Health Care Fund for fiscal year 2018.

The Center's contractually required contribution to SERS was $320,603 for fiscal year 2018. Of this amount $26,771 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until Aug. 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.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

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 10 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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll effective July 1, 2016. The Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS Ohio was $299,775 for fiscal year 2018. Of this amount $46,108 is reported as an intergovernmental payable.

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability reported as of June 30, 2018 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0766386%	0.02040735%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0745603%	0.02093813%	
Change in Proportionate Share	0.0020783%	-0.00053078%	
Proportion of the Net Pension Liability	$4,578,987	$4,847,810	$9,426,797
Pension Expense (Gain)	($158,455)	($2,108,435)	($2,266,890)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ 197,064	$ 187,200	$ 384,264
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	187,520	-	187,520
Changes of assumptions	236,783	1,060,269	1,297,052
Center contributions subsequent to the measurement date	320,584	299,775	620,359
Total	$ 941,951	$ 1,547,244	$ 2,489,195

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ -	$ 39,071	$ 39,071
Differences between projected and actual investment earnings	21,735	159,983	181,718
Difference from a change in proportion and differences between Center contribtuions and proportionate share of contributions	98,015	525,273	623,288
Total	$ 119,750	$ 724,327	$ 844,077

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$620,359 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$202,009	($15,940)	$186,069
2020	313,145	209,712	522,857
2021	93,208	275,825	369,033
2022	(106,745)	53,545	(53,200)
Total	$501,617	$523,142	$1,024,759

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, 2017, are presented below:

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS (Continued)

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% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement. 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 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategy	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 Center'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%)
Center's proportionate share of the net pension liability	$6,354,444	$4,578,987	$3,091,680

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017
Payroll Increases	3.00%

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

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Center'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 Center'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%)
Center's proportionate share of the net pension liability	$6,949,170	$4,847,810	$3,077,728

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2018, two of the members of the Governing Board have elected Social Security. The Center's liability is 6.2 percent of wages paid.

NOTE 7 – DEFINED BENEFIT OPEB PLANS

Net Other Postemployment Benefits (OPEB) Liability

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

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

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

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Net Other Postemployment Benefits (OPEB) Liability (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Center's surcharge obligation was $43,399.

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 Center's contractually required contribution to SERS was $55,268 for fiscal year 2018.

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

State Teachers Retirement System

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

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

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.07562720%	0.02093813%	
Proportion of the Net OPEB Liability Current Measurement Date	0.07796620%	0.02040735%	
Change in Proportionate Share	0.00233900%	-0.00053078%	
Proportionate Share of the Net OPEB Liability	$2,092,408	$796,219	$2,888,627
OPEB Expense (Gain)	$135,298	($247,019)	($111,721)

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$ -	$ 45,963	$ 45,963
Difference from a change in proportion and differences between Center contributions and proportionate share of contributions	48,938	-	48,938
Center contributions subsequent to the measurement date	55,268	-	55,268
Total	$ 104,206	$ 45,963	$ 150,169

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between projected and actual investment earnings	$ 5,526	$ 34,032	$ 39,558
Changes of assumptions	198,559	64,138	262,697
Difference from a change in proportion and differences between Center contribtuions and proportionate share of contributions	-	24,332	24,332
Total	$ 204,085	$ 122,502	$ 326,587

$55,268 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($55,592)	($15,592)	($71,184)
2020	(55,592)	(15,592)	(71,184)
2021	(42,580)	(15,592)	(58,172)
2022	(1,383)	(15,592)	(16,975)
2023	0	(7,084)	(7,084)
Thereafter	0	(7,087)	(7,087)
Total	($155,147)	($76,539)	($231,686)

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.

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (Continued)

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

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

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (Continued)

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Centert's proportionate share of the net OPEB liability	$2,526,849	$2,092,408	$1,748,220

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
Center's proportionate share of the net OPEB liability	$1,697,832	$2,092,408	$2,614,636

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

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 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 7 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Center's proportionate share of the net OPEB liability	$1,068,912	$796,219	$580,703

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$553,179	$796,219	$1,116,089

NOTE 8- RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, the Center's property was covered by Liberty Mutual.

Professional liability is protected by Liberty Mutual with a $1,000,000 single occurrence limit and $2,000,000 aggregate with a $2,500 deductible.

Liberty Mutual Insurance Company maintains a $25,000 public official bond for the Treasurer and a $10,000 public official bond for the Secretary to the Treasurer. The Center also purchased a blanket bond rider on a liability policy purchased through Liberty Mutual Insurance Company.

The Center has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

B. Workers Compensation

For fiscal year 2018, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

NOTE 8- RISK MANAGEMENT (continued)

C. Employee Medical Benefits

The Center provides health and major medical insurance for all eligible employees through the Athens County School Employees Health and Welfare Benefit Association, a jointly governed organization (see Note 9). The Center pays 87.5% of monthly premiums for family coverage and 95% of premiums for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

The Center provides prescription drug insurance to all eligible employees through the Association. This plan utilizes a $5 per prescription deductible. The Center also provides dental and vision coverage to eligible employees through the Association. The premiums for these are $49.55 and $20.20, resp ectively, and are paid in full by the Center.

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions - META Solutions is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The Center paid META $19,782 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Tri-County Career Center – The Tri-County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts and the Center. The Board possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain financial information write to the Tri-County Career Center, Laura Dukes, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employees Health and Welfare Benefit Association – The Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and CoreSource to provide administration of its dental benefits. A Board of Directors consisting of one representative of each of the participating districts governs the Association. Financial information for the Association can be obtained from the administrators at Combs & Associates, 9525 TR 50, Dola, Ohio 45835-0098.

NOTE 10 – INSURANCE PURCHASING POOL

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

NOTE 11 – STATE SUPPORT TEAMS

House Bill 115 establishes the Educational Regional Service System and requires the creation of a coordinated, integrated and aligned system of support state and school district efforts to improve school effectiveness and student achievement. It is the intent of the general assembly that the educational regional service system would reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of educational services without reducing the availability of the services needed by the school districts and schools. The bill also contains information and deadlines for districts that want to transfer to another region.

The Center serves as fiscal agent for the Region 16 State Support Team, one of sixteen Teams established by the Ohio Department of Education to provide support for the regional delivery of school improvement, literacy, special education compliance, and early learning and school readiness services to districts using the Tri-Tier Model, a differentiated technical assistance structure of support based upon need. The Teams work through the Office for Exceptional Children, Office of Literacy, Office of Early Learning and School Readiness and the Office of Field Relations by providing technical assistance and professional development. The Teams include staff and services formerly provided by the Special Education Regional Resource Centers and the Regional School Improvement Teams. Region 16 is comprised of Athens, Gallia, Hocking, Jackson, Meigs, Monroe, Morgan, Perry, Vinton, and Washington Counties.

NOTE 12 - CONTINGENCIES

A. Grants

The Center 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, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2018, if applicable, cannot be determined at this time.

B. Litigation

The Center is not party to legal proceedings.

NOTE 13 - RECEIVABLES

Receivables at June 30, 2018, consisted of interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
Major Funds:	
General	$ 186,668
Martha Jennings	1,464
Special Ed Grant	214,149
Head Start Grant	8,530
Non-Major Funds:	
Food Service	11,835
Miscellaneous State Grants	39,806
Public Preschool Grant	103,235
Homeless Grant	500
Preschool School Grant	21,646
Miscellaneous Federal Grants	22,603
Total Non-Major Funds	199,625
Total All Funds	$ 610,436

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2018, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payables
Major Funds:		
General Fund	$ 407,766	$ -
Head Start	-	270,760
Special Education	-	70,419
Non-Major Funds:		
Food Services	-	18,403
Public Preschool	-	44,172
Preschool Grant	-	4,012
Total Non-Major Funds	-	66,587
Total All Funds	$ 407,766	$ 407,766

During the year, the Center's General Fund made advances to several different funds due to negative fund balances. These advances are expected to be repaid in fiscal year 2018. During the year, the Center transferred $86,492 from the Miscellaneous State Grant Fund to the General Fund due to an excess unexpended balance in the Miscellaneous State Grant Fund.

NOTE 15 – ACCOUNTABILITY

At June 30, 2018, the Head Start, Food Service, Public Preschool and the Homeless Grant had fund balance deficits of $369,090, $6,565, $9,193 and $804, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 16 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Center 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:

Fund Balances	General	Martha Jennings Grant	Special Ed Grant	Head Start	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Unclaimed Monies	$ 7,958	$ -	$ -	$ 79,209	$ -	$ 87,167
Restricted for						
Integrated Preschool	-	-	-	-	51,967	51,967
Federal Programs	-	-	-	-	27,175	27,175
Other Purposes	-	205,768	605	-	32,439	238,812
Miscellaneous State Grants	-	-	-	-	18,694	18,694
Total Restricted	-	205,768	605	-	130,275	336,648
Committed to						
Employee Benefits	90,011	-	-	-	-	90,011
Unassigned (Deficit)	265,827	-	-	(448,299)	(16,562)	(199,034)
Total Fund Balances	$ 363,796	$ 205,768	$ 605	$ (369,090)	$ 113,713	$ 314,792

NOTE 17 – NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

For the fiscal year ended June 30, 2018, the Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73,* and GASB Statement No. 85, *Omnibus 2017.*

GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting requirements for governmental employers who have other post-employment benefits (OPEB) plans. The implementation of GASB Statement No. 75 had the following effect on the financial statements of the Center and certain additional disclosures have been made in the notes to the basic financial statements.

Net position, July 1, 2017-As previously stated	($8,303,661)
Center Share of Beginning Plan Net OPEB Liability	(3,275,433)
Center Share of 2017 Employer Contributions	43,399
Net position, July 1, 2017-As restated	($11,535,695)

NOTE 17 – NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES (continued)

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. GASB Statement No. 82 did not have an effect on the financial statements of the Center.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 did not have an effect on the financial statements of the Center.

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Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

Last Five Years

	2017	2016	2015	2014	2013
Total Plan Pension Liability	$19,588,417,687	$19,770,708,121	$18,503,280,961	$17,881,827,171	$17,247,161,078
Plan Net Position	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net Pension Liability	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
Center's Proportion of the Net Pension Liability	0.0766386%	0.0745603%	0.0786145%	0.0736840%	0.0736840%
Center's Proportionate Share of the Net Pension Liability	4,578,987	5,457,126	4,485,820	3,729,105	4,381,751
Center's Covered-Employee Payroll	2,476,121	2,315,564	2,366,639	2,141,111	3,022,616
Center's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	184.93%	235.67%	189.54%	174.17%	144.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Five Years

	2017	2016	2015	2014	2013
Total Plan Pension Liability	$96,126,440,462	$100,756,422,489	$99,014,653,744	$96,167,057,104	$94,366,693,720
Plan Net Position	72,371,226,119	67,283,408,184	71,377,578,736	71,843,596,331	65,392,746,348
Net Pension Liability	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
Center's Proportion of the Net Pension Liability	0.02040735%	0.02093813%	0.02098654%	0.02424557%	0.02424557%
Center's Proportionate Share of the Net Pension Liability	4,847,810	7,008,623	5,800,066	5,897,362	7,024,899
Center's Covered-Employee Payroll	2,243,536	2,203,093	2,189,593	2,477,308	2,626,592
Center's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	216.08%	318.13%	264.89%	238.06%	267.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2013 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

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Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's Pension Contributions

School Employees Retirement Systems of Ohio

Last Ten Years

	2018	2017	2016	2015
Contractually Required Contributions	$320,603	$346,657	$324,179	$311,923
Contributions in Relation to the Contractually Required Contributions	(320,603)	(346,657)	(324,179)	(311,923)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center's Covered-Employee Payroll	$2,374,837	$2,476,121	$2,315,564	$2,366,639
Contributions as a Percentage of Covered-Employee Payroll	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$296,758	$418,330	$217,910	$442,859	$435,473	$270,788
(296,758)	(418,330)	(217,910)	(442,859)	(435,473)	(270,788)
$0	$0	$0	$0	$0	$0
$2,141,111	$3,022,616	$1,620,149	$3,523,142	$3,216,196	$2,751,991
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's Pension Contributions

State Teachers Retirement System of Ohio

Last Ten Years

	2018	2017	2016	2015	2014
Contractually Required Contributions	$299,775	$314,095	$308,433	$306,543	$322,050
Contributions in Relation to the Contractually Required Contributions	(299,775)	(314,095)	(308,433)	(306,543)	(322,050)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Center's Covered-Employee Payroll	$2,141,250	$2,243,536	$2,203,093	$2,189,593	$2,477,308
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

2013	2012	2011	2010	2009
$341,457	$342,190	$347,754	$367,148	$402,694
(341,457)	(342,190)	(347,754)	(367,148)	(402,694)
$0	$0	$0	$0	$0
$2,626,592	$2,632,231	$2,675,031	$2,824,215	$3,097,646
13.00%	13.00%	13.00%	13.00%	13.00%

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Athens-Meigs Educational Service Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Two Years

	2017	2016
Total Plan OPEB Liability	$3,065,846,821	$3,220,574,434
Plan Net Position	382,109,560	370,204,515
Net OPEB Liability	2,683,737,261	2,850,369,919
Center's Proportion of the Net OPEB Liability	0.0779662%	0.0756272%
Center's Proportionate Share of the Net OPEB Liability	2,092,408	2,155,655
Center's Covered-Employee Payroll	2,476,121	2,315,564
Center's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	84.50%	93.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2016 is not available.
Amounts presented as of the Center's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

Last Two Years

	2017	2016
Total Plan OPEB Liability	$7,377,410,000	$8,533,654,000
Plan Net Position	3,475,779,000	3,185,628,000
Net OPEB Liability	3,901,631,000	5,348,026,000
Center's Proportion of the Net OPEB Liability	0.02040735%	0.02093813%
Center's Proportionate Share of the Net OPEB Liability	796,219	1,119,777
Center's Covered-Employee Payroll	2,243,536	2,203,093
Center's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	35.49%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.11%	37.33%

(1) Information prior to 2016 is not available.
Amounts presented as of the Center's measurement
date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

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Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's OPEB Contributions

School Employees Retirement Systems of Ohio

Last Ten Years

	2018	2017	2016	2015
Contractually Required Contributions	$55,268	$43,399	$38,562	$59,391
Contributions in Relation to the Contractually Required Contributions	(55,268)	(43,399)	(38,562)	(59,391)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center's Covered-Employee Payroll	$2,374,837	$2,476,121	$2,315,564	$2,366,639
Contributions as a Percentage of Covered-Employee Payroll	2.33%	1.75%	1.67%	2.51%

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$41,058	$62,936	$58,650	$90,969	$53,373	$173,250
(41,058)	(62,936)	(58,650)	(90,969)	(53,373)	(173,250)
$0	$0	$0	$0	$0	$0
$2,141,111	$3,022,616	$1,620,149	$3,523,142	$3,216,196	$2,751,991
1.92%	2.08%	3.62%	2.58%	1.66%	6.30%

Athens-Meigs Educational Service Center

Required Supplementary Information

Schedule of the Center's OPEB Contributions

State Teachers Retirement System of Ohio

Last Ten Years

	2018	2017	2016	2015
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	-	-	-	-
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center's Covered-Employee Payroll	$2,141,250	$2,243,536	$2,203,093	$2,189,593
Contributions as a Percentage of Covered-Employee Payroll	0.0%	0.0%	0.0%	0.0%

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$25,889	$26,747	$26,761	$27,241	$28,802	$31,237
(25,889)	(26,747)	(26,761)	(27,241)	(28,802)	(31,237)
$0	$0	$0	$0	$0	$0
$2,477,308	$2,626,592	$2,632,231	$2,675,031	$2,824,215	$3,097,646
1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Pension: Changes in Assumptions – SERS

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

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

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

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

Pension: Changes in Assumptions – STRS

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

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

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

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

OPEB: Changes in Assumptions – SERS

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

Municipal Bond Index Rate:
Fiscal year 2018 3.56 percent
Fiscal year 2017 2.92 percent

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

OPEB: Changes in Assumptions – STRS

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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Athens-Meigs Educational Service Center
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Interest	$ 5,000	$ 7,075	$ 7,075	$ -
Intergovernmental	309,317	309,317	309,317	-
Charges for Services and Sales	3,402,104	3,624,775	3,404,405	(220,370)
Miscellaneous	22,464	22,770	91,626	68,856
Total Revenues	3,738,885	3,963,937	3,812,423	(151,514)
EXPENDITURES:				
Current:				
Instruction:				
Regular	103,139	104,593	100,329	4,264
Special	1,284,301	1,181,121	1,111,695	69,426
Adult/Continuing	57,363	11,113	8,644	2,469
Support Services:				
Pupils	1,283,193	1,310,944	1,232,192	78,752
Instructional Staff	465,521	516,241	499,955	16,286
Board of Education	58,278	56,693	55,581	1,112
Administration	416,070	440,350	430,238	10,112
Fiscal	289,684	285,896	281,556	4,340
Operation and Maintenance of Plant	12,374	21,456	18,784	2,672
Central	3,509	11,364	11,364	-
Total Expenditures	3,973,432	3,939,771	3,750,338	189,433
Excess of Revenues Over (Under) Expenditures	(234,547)	24,166	62,085	37,919
OTHER FINANCING USES:				
Transfers In	86,492	86,492	86,492	-
Refund of Prior Year Receipts	(33,106)	(33,488)	(33,488)	-
Total Other Financing Uses	53,386	53,004	53,004	-
Net Change in Fund Balance	(181,161)	77,170	115,089	37,919
Fund Balance at Beginning of Year	246,562	246,562	246,562	-
Prior Year Encumbrances Appropriated	12,801	12,801	12,801	-
Fund Balance at End of Year	$ 78,202	$ 336,533	$ 374,452	$ 37,919

See accompanying notes to the supplementary information.

Athens-Meigs Educational Service Center

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Martha Jennings Grant Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Tuition and Fees	$ 150,704	$ 150,704	$ 150,704	$ -
Charges for Services and Sales	171,155	171,155	171,155	-
Miscellaneous	114	114	114	-
Total Revenues	321,973	321,973	321,973	-
EXPENDITURES:				
Current:				
Instruction:				
Regular	19,958	39,535	36,289	3,246
Special	50,564	134,935	91,940	42,995
Vocational	8,572	15,587	15,587	-
Other	19,742	42,874	35,896	6,978
Support Services:				
Pupils	23,057	49,873	41,924	7,949
Instructional Staff	25,035	63,303	45,521	17,782
Board of Education	-	114	-	114
Administration	635	1,154	1,154	-
Fiscal	10,823	19,680	19,680	-
Operation and Maintenance of Plant	8,908	16,208	16,198	10
Pupil Transportation	6,408	12,318	11,652	666
Total Expenditures	173,702	395,581	315,841	79,740
Net Change in Fund Balance	148,271	(73,608)	6,132	79,740
Fund Balance at Beginning of Year	206,582	206,582	206,582	-
Prior Year Encumbrances Appropriated	4,142	4,142	4,142	-
Fund Balance at End of Year	$ 358,995	$ 137,116	$ 216,856	$ 79,740

See accompanying notes to the supplementary information.

Athens-Meigs Educational Service Center
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Ed Grant Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	$ 1,162,689	$ 1,162,689	$ 1,162,404	$ (285)
Total Revenues	1,162,689	1,162,689	1,162,404	(285)
EXPENDITURES:				
Current:				
Support Services:				
Pupils	72,965	89,545	75,620	13,925
Instructional Staff	886,436	1,049,121	918,690	130,431
Administration	190,385	222,001	197,312	24,689
Fiscal	62,493	64,767	64,767	-
Operation and Maintenance of Plant	52,909	54,834	54,834	-
Total Expenditures	1,265,188	1,480,268	1,311,223	169,045
Net Change in Fund Balance	(102,499)	(317,579)	(148,819)	168,760
Fund Balance at Beginning of Year	(15,182)	(15,182)	(15,182)	-
Prior Year Encumbrances Appropriated	74,526	74,526	74,526	-
Fund Balance at End of Year	$ (43,155)	$ (258,235)	$ (89,475)	$ 168,760

See accompanying notes to the supplementary information.

Athens-Meigs Educational Service Center
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Head Start Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	$ 2,426,709	$ 2,426,709	$ 2,261,361	$ (165,348)
Total Revenues	2,426,709	2,426,709	2,261,361	(165,348)
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,123,064	1,187,501	1,025,980	161,521
Special	306,161	308,650	279,695	28,955
Support Services:				
Pupils	184,938	195,051	168,951	26,100
Instructional Staff	66,118	63,979	60,402	3,577
Board of Education	5,132	4,885	4,688	197
Administration	154,365	147,596	141,021	6,575
Fiscal	110,843	102,293	101,261	1,032
Operation and Maintenance of Plant	321,232	306,927	293,463	13,464
Pupil Transportation	348,718	363,469	318,573	44,896
Central	57,017	59,735	52,088	7,647
Operation of Non-instructional Services	118,620	124,451	108,366	16,085
Total Expenditures	2,796,208	2,864,537	2,554,488	310,049
Net Change in Fund Balance	(369,499)	(437,828)	(293,127)	144,701
Fund Balance at Beginning of Year	(124,871)	(124,871)	(124,871)	-
Prior Year Encumbrances Appropriated	99,469	99,469	99,469	-
Fund Balance at End of Year	$ (394,901)	$ (463,230)	$ (318,529)	$ 144,701

See accompanying notes to the supplementary information.

NOTE 1 – BUDGETARY PROCESS

The Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Center's Board does follow the budgetary process for control purposes.

The Center's Board budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts of estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts of the estimated revenues in effect at the time final appropriations were passed by the Board.

The Center's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary schedules represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon the accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual – for the General Fund and the major special revenue funds are 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); and

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis schedules for the General Fund, the Martha Jennings Grant Fund, Special Ed Grant Fund, and the Head Start Fund.

Net Changes in Fund Balances				
	General	Martha Jennings Grant	Special Ed Grant	Head Start
GAAP Basis	$ 307,926	$ 54,291	$ (17,493)	$ (115,299)
Adjustments:				
Revenue Accruals	(92,793)	-	(100,630)	-
Expenditure Accruals	(19,932)	(37,975)	(11,642)	(130,060)
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	(54,510)	-	-	-
Encumbrances	(25,602)	(10,184)	(19,054)	(47,768)
Budget Basis	$ 115,089	$ 6,132	$ (148,819)	$ (293,127)

ATHENS-MEIGS EDUCATIONAL SERVICE CENTER
ATHENS COUNTY

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

FEDERAL GRANTOR/ ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child and Adult Care Food Program	10.558	2017/2018	$140,464
Total U.S. Department of Agriculture			140,464
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	2017	160,114
		2018	949,761
Total			1,109,875
Special Education - Grants to States: Early Literacy	84.027	2018	171,073
Total Special Education - Grants to States			1,280,948
Special Education- Preschool Grants	84.173	2017	8,930
		2018	50,900
Total			59,830
Special Education - Preschol Grants: Early Literacy	84.173	2018	52,308
Total Special Education - Preschool Grants			112,138
Total Special Education Cluster			1,393,086
School Climate Transformation Grant- State Educational Agency Grant	84.184F	2017	1,125
		2018	2,593
Total Education for School Climate Transformation Grant			3,718
Education for Homeless Children and Youth	84.196	2017	394
Special Education - State Personnel Development	84.323A	2017	5,000
Total U.S. Department of Education			1,402,198
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct from U.S. Department of Health and Human Services			
Head Start	93.600	2017	401,244
		2018	2,105,474
Total Head Start			2,506,718
Total U.S. Department of Health and Human Services			2,506,718
Total Expenditures of Federal Awards			**$4,049,380**

The accompanying notes are an integral part of this Schedule.

ATHENS-MEIGS EDUCATIONAL SERVICE CENTER
ATHENS COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE I - MATCHING REQUIREMENTS

Certain Federal programs require the Center to contribute non-Federal funds (matching funds) to support the federally funded programs. The Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Athens-Meigs Educational Service Center
Athens County
21 Birge Drive
Chauncey, Ohio 45719

To the Governing Board:

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 remaining fund information of the Athens-Meigs Educational Service Center, Athens County, Ohio (the Center) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 19, 2019, wherein we noted the Center adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center'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 Center'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 Center'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 Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019

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

Athens-Meigs Educational Service Center
Athens County
21 Birge Drive
Chauncey, Ohio 45719

To the Governing Board:

Report on Compliance for each Major Federal Program

We have audited the Athens-Meigs Educational Service Center's, Athens County, Ohio (the Center), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Center's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Center's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Athens-Meigs Educational Service Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2019

ATHENS-MEIGS EDUCATIONAL SERVICE CENTER
ATHENS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Special Education Cluster : Special Education - Grants to States – CFDA #84.027 and Special Education- Preschool Grants – CFDA #84.173 • Head Start - CFDA # 93.600	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Athens-Meigs Educational Service Center
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Phone: 740-797-0065 / Fax: 740-797-0070
Treasurer's Office
39105 Bradbury Road, Middleport, Ohio 45760
Phone: 740-992-4286 / Fax: 740-992-3436
athensmeigs.com

Heather Wolfe, Interim Superintendent / Bryan Swann, Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	A material noncompliance citation was issued under Ohio Rev. Code § 5705.41(D)(1) for failing to properly encumber expenditures.	Corrected	N/A
2017-002	A material noncompliance citation and material weakness was issued under 2 CFR Part 3474.1 gives regulatory effect to the Department of Education for 2 CFR Part 200.305(b) for failing to expend advanced funds by the required five days for to the Special Education Cluster.	Corrected	N/A
2017-003	A material noncompliance citation and material weakness was issued under 2 CFR Part 300.1 which gives regulatory effect to the Department of Health and Human Services for 2 CFR Part 200.305(b)(3) and 2 CFR 200.303 (a) for submitting reimbursement requests prior to expenditures being made and a lack of controls over the process for the Head Start grant.	Partially Corrected	Errors in the current period were only included in the management letter.
2017-004	A material noncompliance citation and material weakness was issued under 2 CFR Part 3474.1 which gives regulatory effect to the Department of Education for Part 200.309 for charging expenditures to the Special Education Cluster which were obligated outside of the proper period.	Corrected	N/A
2017-005	A material noncompliance citation and material weakness was issued under 2 CFR Part 3474.1 which gives regulatory effect to the Department of Education for 2 CFR Part 200.303 (a) for failing to obtain the required approvals 8.3 percent of transactions tested for to the Special Education Cluster.	Corrected	N/A

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OHIO AUDITOR OF STATE
KEITH FABER

ATHENS – MEIGS EDUCATIONAL SERVICE CENTER

ATHENS 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
MARCH 28, 2019