ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Rossford Exempted Village School District
Wood County
325 Superior Street
Rossford, Ohio 43460

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

March 27, 2019

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The discussion and analysis of Rossford Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2018 are as follows:

In total, net position increased $18,128,265. The primary reason for this increase is the decrease in the net pension/OPEB liability.

General revenues were $29,137,296 for fiscal year 2018**,** or 89 percent of all revenues, and reflect the School District's significant dependence on property taxes and unrestricted State entitlements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Rossford Exempted Village School District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Rossford Exempted Village School District, the General Fund and the Building capital projects fund are the most significant funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2018. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are reflected as governmental activities including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Building capital projects fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2018 and fiscal year 2017:

Table 1
Net Position

	Governmental Activities		
	2018	2017	Change
Assets			
Current and Other Assets	$116,048,283	$114,026,028	$2,022,255
Capital Assets, Net	14,578,370	9,560,119	5,018,251
Total Assets	130,626,653	123,586,147	7,040,506
Deferred Outflows of Resources			
Pension	7,856,467	6,770,620	1,085,847
OPEB	265,612	51,562	214,050
Total Deferred Outflows of Resources	8,122,079	6,822,182	1,299,897
Liabilities			
Current and Other Liabilities	4,919,614	4,007,828	(911,786)
Long-Term Liabilities			
Pension	26,853,429	38,219,404	11,365,975
OPEB	6,016,253	7,758,299	1,742,046
Other Amounts	77,907,056	78,423,199	516,143
Total Liabilities	115,696,352	128,408,730	12,712,378

(continued)

Table 1
Net Position
(continued)

	Governmental Activities		
	2018	2017	Change
Deferred Inflows of Resources			
Pension	$4,083,299	$3,231,612	($851,687)
OPEB	915,509	0	(915,509)
Other Amounts	15,366,395	14,209,075	(1,157,320)
Total Deferred Inflows of Resources	20,365,203	17,440,687	(2,924,516)
Net Position			
Net Investment in Capital Assets	7,485,995	8,021,842	(535,847)
Restricted	6,567,247	3,976,937	2,590,310
Unrestricted (Deficit)	(11,366,065)	(27,439,867)	16,073,802
Total Net Position (Deficit)	$2,687,177	($15,441,088)	$18,128,265

The net pension liability reported by the School District at June 30, 2018, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For fiscal year 2018, the School District adopted GASB Statement No. 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, end users of these financial statements will gain a clearer understanding of the School District'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.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing these systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 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. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension 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 Statements No. 68 and No. 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and the net OPEB liability, respectively, not accounted for as deferred outflows/inflows.

As a result of implementing GASB Statement No. 75, the School District is reporting a net OPEB liability and deferred outflows/inflows 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 ($7,734,351) to ($15,441,088).

Pension/OPEB related changes noted in the above table reflect an increase in deferred outflows and deferred inflows. The decrease in the net pension/OPEB liability represents the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension liability. The effect of these changes for pension and OPEB are the most significant reason for the increase in total net position.

Aside from adjustments for pension reporting, there are several changes of note reflected in the above table. The $2 million increase in current and other assets is primarily due to an increase in cash and cash equivalents despite a modest decrease in revenues and increase in expenses (absent the effect of pension/OPEB changes to expenses). This increase is generally due to the excess of revenues over expenses in the General Fund. The increase in net capital assets is due to ongoing construction activities to construct school buildings and facilities. The increase in current and other liabilities is also largely related to this ongoing construction and outstanding contracts payable as of fiscal year end. The decrease in other long-term liabilities is due to scheduled debt retirement.

Table 2 reflects the change in net position for fiscal year 2018 and fiscal year 2017.

Table 2
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues:			
Program Revenues			
Charges for Services	$1,778,741	$930,483	$848,258
Operating Grants and Contributions	1,675,045	1,785,920	(110,875)
Total Program Revenues	3,453,786	2,716,403	737,383
Revenues:			
General Revenues			
Property Taxes Levied for General Purposes	13,886,533	16,642,718	(2,756,185)
Property Taxes Levied for Debt Service	1,438,280	1,257,482	180,798
Property Taxes Levied for Permanent Improvements	2,393,734	2,000,536	393,198
Payment in Lieu of Taxes	510,280	507,414	2,866
Grants and Entitlements	7,297,424	7,293,772	3,652
Interest	1,299,698	214,645	1,085,053
Gifts and Donations	2,110,540	1,959,148	151,392
Miscellaneous	200,807	261,943	(61,136)
Total General Revenues	29,137,296	30,137,658	(1,000,362)
Total Revenues	32,591,082	32,854,061	(262,979)
Expenses:			
Instruction:			
Regular	3,012,660	10,621,900	7,609,240
Special	1,312,013	2,735,591	1,423,578
Vocational	2,568	2,568	0
Adult/Continuing	750	280	(470)
Support Services:			
Pupils	618,487	1,657,338	1,038,851
Instructional Staff	340,476	795,764	455,288
Board of Education	47,090	42,656	(4,434)
Administration	496,964	1,800,702	1,303,738
Fiscal	997,788	518,493	(479,295)
Business	92,327	120,342	28,015

(continued)

Table 2
Change in Net Position
(continued)

	Governmental Activities		
	2018	2017	Change
Expenses: (continued)			
Support Services: (continued)			
Operation and Maintenance of Plant	$1,826,198	$2,195,209	$369,011
Pupil Transportation	680,462	803,011	122,549
Central	546,980	501,561	(45,419)
Non-Instructional Services	810,363	833,128	22,765
Extracurricular Activities	567,422	925,586	358,164
Interest and Fiscal Charges	3,110,269	1,249,807	(1,860,462)
Total Expenses	14,462,817	24,803,936	10,341,119
Increase in Net Position	18,128,265	8,050,125	10,078,140
Net Position (Deficit) at Beginning of Year	(15,441,088)	n/a	n/a
Net Position (Deficit) at End of Year	$2,687,177	($15,441,088)	$18,128,265

The information necessary to restate the fiscal year 2017 beginning balances and the fiscal year 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, fiscal year 2017 functional expenses still include OPEB expense of $51,562 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing pension expense equal to contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the fiscal year 2018 financial statements report negative OPEB expense of $977,477. Consequently, in order to compare fiscal year 2018 total program expenses to fiscal year 2017, the following adjustments are needed.

Total 2018 Program Expenses Under GASB Statement No. 75	$14,462,817
Negative OPEB Expense Under GASB Statement No. 75	(977,477)
2018 Contractually Required Contribution	(63,110)
Adjusted 2018 Program Expenses	13,422,230
Total 2017 Program Expenses Under GASB Statement No. 45	(24,803,936)
Decrease in Program Expenses Not Related to OPEB	(11,381,706)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes including a reduction in the discount rate and also voted to suspend cost of living adjustments (COLA). SERS decreased the COLA assumption. See Note 15. As a result of these changes, pension expense decreased from $2,015,848 in fiscal year 2017 to a negative pension expense of $9,760,400 for fiscal year 2018.

The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows.

	2018 Program Expenses Related to Negative Pension Expense
Expenses:	
Instruction:	
Regular	$5,832,479
Special	1,276,785
Support Services:	
Pupils	719,671
Instructional Staff	239,336
Board of Education	2,363
Administration	1,073,761
Fiscal	70,387
Business	14,091
Operation and Maintenance of Plant	140,694
Pupil Transportation	80,461
Central	12,577
Non-Instructional Services	31,957
Extracurricular Activities	265,838
Total Expenses	9,760,400

Overall, there was a modest decrease in total revenues (less than 1 percent). There was an increase in program revenues due to an increase in tuition and in open enrollment. The decrease in general revenues was due to a decrease in property tax revenue; a significant portion of this is the result of less resources available as an advance to the School District at fiscal year end. However, this decrease was partially offset by an increase in interest revenue resulting from the investment of debt proceeds issued for construction.

Excluding the effect of the decrease in total expenses as a result of the pension/OPEB changes, there was an increase in operating expenses for fiscal year 2018, much of this can be attributed to salary and benefit increases.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction:				
Regular	$3,012,660	$10,621,900	$1,638,639	$10,081,077
Special	1,312,013	2,735,591	189,504	1,506,333
Vocational	2,568	2,568	(2,329)	(1,168)
Adult/Continuing	750	280	750	280

(continued)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Support Services:				
Pupils	$618,487	$1,657,338	$618,487	$1,657,338
Instructional Staff	340,476	795,764	340,476	795,764
Board of Education	47,090	42,656	47,090	42,656
Administration	496,964	1,800,702	496,964	1,800,702
Fiscal	997,788	518,493	997,788	518,493
Business	92,327	120,342	92,327	120,342
Operation and Maintenance of Plant	1,826,198	2,195,209	1,826,198	2,195,209
Pupil Transportation	680,462	803,011	680,462	803,011
Central	546,980	501,561	546,980	501,561
Non-Instructional Services	810,363	833,128	12,934	65,809
Extracurricular Activities	567,422	925,586	412,492	750,319
Interest and Fiscal Charges	3,110,269	1,249,807	3,110,269	1,249,807
Total Expenses	$14,462,817	$24,803,936	$11,009,031	$22,087,533

With the substantial contribution of general revenues for funding the School District's activities, only a limited number of activities are affected by program revenues. Instruction costs are partially offset by tuition and fees and grants restricted for various instruction purposes. Non-instructional services costs are supported by cafeteria sales, state and federal subsidies, and donated commodities for food service operations and extracurricular activities costs are supported by music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting.

Fund balance increased $2,952,980 in the General Fund despite a 7 percent decrease in revenues and 8 percent increase in expenditures. The decrease in revenues was primarily due to the decrease in property tax revenues as discussed previously. The increase in expenditures was related to capital outlay expenditures for a bus garage. The bus garage is reflected as a capital asset addition on the accrual basis of accounting; however, on the modified accrual operating statement, these expenditures as still reflected as program expenditures.

The decrease in fund balance in the Building Fund was due to resources spent on ongoing construction activities.

General Fund Budgeting Highlights

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

During fiscal year 2018, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget were not significant in total; however, the estimate for property taxes was increased in an amount similar to a decrease in intergovernmental revenue (primarily State foundation resources). Final revenues for these two sources more closely mirrored the original estimate. Actual revenue from tuition and fees was greater than the estimate due to an increase in fees and an increase in open enrollment. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were substantially less than amounts budgeted due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $14,578,370 invested in capital assets (net of accumulated depreciation). Significant additions consisted of ongoing construction, a new bus garage, two buses, and two vans. Disposals were vehicles. For further information regarding the School District's capital assets, refer to Note 11 to the basic financial statements.

Debt

The School District's outstanding debt at June 30, 2018, consisted of general obligation bonds and certificates of participation, in the amount of $31,222,119 and $44,805,012, respectively. The School District's long-term obligations also included the liability for compensated absences and the net pension/OPEB liability. For further information regarding the School District's long-term obligations, refer to Note 18 to the basic financial statements.

Current Issues

The School District's current five-year forecast indicates that the School District is in a sound financial position throughout fiscal years 2018 through 2023.

In November 2016, the voters of the School District approved a 4.4 mill bond levy and a 7 mill additional property tax levy for new facilities. The collection of these levies began in January 2017. The School District renewed two 7.9 mill levies in May 2017 that insured the continuation of roughly $6 million in revenue through tax year 2021. The School District also passed a 5.9 mill levy in 2015 which will collect through tax year 2019. The School District will continue to lose tangible personal property tax monies through 2034; these losses are projected to be in the range of $200,000 annually.

The labor contract for the certified staff is in the first year of a three-year agreement and the classified staff is in the second year of a three-year agreement. Negotiations for the successor contract will begin in the spring of 2019. The School District has been using the Interest Based Model of negotiating very successfully over the past two decades.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James Rossler, Jr., Treasurer, Rossford Exempted Village School District, 325 Superior Street, Rossford, Ohio 43460.

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Rossford Exempted Village School District
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$96,163,690
Accounts Receivable	14,874
Accrued Interest Receivable	22,990
Intergovernmental Receivable	503,823
Prepaid Items	30,246
Inventory Held for Resale	5,091
Materials and Supplies Inventory	2,489
Property Taxes Receivable	18,991,083
Payment in Lieu of Taxes Receivable	313,997
Nondepreciable Capital Assets	6,661,870
Depreciable Capital Assets, Net	7,916,500
Total Assets	130,626,653
Deferred Outflows of Resources:	
Pension	7,856,467
OPEB	265,612
Total Deferred Outflows of Resources	8,122,079
Liabilities:	
Accounts Payable	94,322
Contracts Payable	1,554,497
Accrued Wages and Benefits Payable	2,412,791
Intergovernmental Payable	435,335
Retainage Payable	88,211
Accrued Interest Payable	249,458
Separation Benefits Payable	85,000
Long-Term Liabilities:	
Due Within One Year	861,827
Due in More Than One Year	
Net Pension Liability	26,853,429
Net OPEB Liability	6,016,253
Other Amounts Due in More Than One Year	77,045,229
Total Liabilities	115,696,352
Deferred Inflows of Resources:	
Property Taxes Receivable	15,068,783
Payment in Lieu of Taxes Receivable	297,612
Pension	4,083,299
OPEB	915,509
Total Deferred Inflows of Resources	20,365,203
Net Position:	
Net Investment in Capital Assets	7,485,995
Restricted For:	
Capital Projects	6,105,223
Special Instruction	183,406
Other Purposes	278,618
Unrestricted (Deficit)	(11,366,065)
Total Net Position	$2,687,177

See Accompanying Notes to Basic Financial Statements

Rossford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$3,012,660	$1,293,975	$80,046
Special	1,312,013	141,263	981,246
Vocational	2,568	0	4,897
Adult/Continuing	750	0	0
Support Services:			
Pupils	618,487	0	0
Instructional Staff	340,476	0	0
Board of Education	47,090	0	0
Administration	496,964	0	0
Fiscal	997,788	0	0
Business	92,327	0	0
Operation and Maintenance of Plant	1,826,198	0	0
Pupil Transportation	680,462	0	0
Central	546,980	0	0
Non-Instructional Services	810,363	210,504	586,925
Extracurricular Activities	567,422	132,999	21,931
Interest and Fiscal Charges	3,110,269	0	0
Total Governmental Activities	$14,462,817	$1,778,741	$1,675,045

General Revenues:
Property Taxes Levied for General Purposes
Property Taxes Levied for Debt Service
Property Taxes Levied for Permanent Improvements
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Miscellaneous
Total General Revenues

Change in Net Position

Net Position (Deficit) at Beginning of Year (Restated-See Note 3)
Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position
Governmental Activities
($1,638,639)
(189,504)
2,329
(750)
(618,487)
(340,476)
(47,090)
(496,964)
(997,788)
(92,327)
(1,826,198)
(680,462)
(546,980)
(12,934)
(412,492)
(3,110,269)
(11,009,031)
13,886,533
1,438,280
2,393,734
510,280
7,297,424
1,299,698
2,110,540
200,807
29,137,296
18,128,265
(15,441,088)
$2,687,177

Rossford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Building	Other Governmental	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$20,733,080	$71,455,096	$3,975,514	$96,163,690
Accounts Receivable	14,874	0	0	14,874
Accrued Interest Receivable	9,293	13,697	0	22,990
Interfund Receivable	19,707	0	0	19,707
Intergovernmental Receivable	36,649	0	467,174	503,823
Prepaid Items	30,246	0	0	30,246
Inventory Held for Resale	0	0	5,091	5,091
Materials and Supplies Inventory	0	0	2,489	2,489
Property Taxes Receivable	15,048,535	0	3,942,548	18,991,083
Payment in Lieu of Taxes Receivable	313,997	0	0	313,997
Total Assets	$36,206,381	$71,468,793	$8,392,816	$116,067,990
Liabilities:				
Accounts Payable	$69,862	$0	$24,460	$94,322
Contracts Payable	0	1,554,497	0	1,554,497
Accrued Wages and Benefits Payable	2,314,151	0	98,640	2,412,791
Interfund Payable	0	0	19,707	19,707
Intergovernmental Payable	400,257	1,650	33,428	435,335
Retainage Payable	0	88,211	0	88,211
Total Liabilities	2,784,270	1,644,358	176,235	4,604,863
Deferred Inflows of Resources:				
Property Taxes Receivable	12,027,485	0	3,041,298	15,068,783
Payment in Lieu of Taxes Receivable	297,612	0	0	297,612
Unavailable Revenue	72,096	10,839	329,421	412,356
Total Deferred Inflows of Resources	12,397,193	10,839	3,370,719	15,778,751
Fund Balances:				
Nonspendable	30,246	0	2,489	32,735
Restricted	11,252	69,813,596	4,869,008	74,693,856
Assigned	125,950	0	0	125,950
Unassigned (Deficit)	20,857,470	0	(25,635)	20,831,835
Total Fund Balances	21,024,918	69,813,596	4,845,862	95,684,376
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$36,206,381	$71,468,793	$8,392,816	$116,067,990

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$95,684,376
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		14,578,370
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	14,074	
Accrued Interest Receivable	15,196	
Intergovernmental Receivable	315,036	
Deliquent Property Taxes Receivable	68,050	
		412,356
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(249,458)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	(31,222,119)	
Certificates of Participation Payable	(44,805,012)	
Compensated Absences Payable	(1,879,925)	
Separation Benefits Payable	(85,000)	
		(77,992,056)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	7,856,467	
Deferred Inflows - Pension	(4,083,299)	
Net Pension Liability	(26,853,429)	
Deferred Outflows - OPEB	265,612	
Deferred Inflows - OPEB	(915,509)	
Net OPEB Liability	(6,016,253)	
		(29,746,411)
Net Position of Governmental Activities		$2,687,177

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Building	Other Governmental	Total Governmental Funds
Revenues:				
Property Taxes	$13,880,347	$0	$3,830,631	$17,710,978
Payment in Lieu of Taxes	510,280	0	0	510,280
Intergovernmental	7,545,463	0	1,428,496	8,973,959
Interest	324,651	972,647	0	1,297,298
Tuition and Fees	1,432,298	0	0	1,432,298
Extracurricular Activities	3,700	0	121,879	125,579
Charges for Services	0	0	210,504	210,504
Gifts and Donations	2,110,540	0	21,931	2,132,471
Miscellaneous	192,403	0	7,420	199,823
Total Revenues	25,999,682	972,647	5,620,861	32,593,190
Expenditures:				
Current:				
Instruction:				
Regular	10,320,645	188	2,300	10,323,133
Special	2,487,325	0	429,550	2,916,875
Adult/Continuing	0	0	750	750
Support Services:				
Pupils	1,433,017	0	155,811	1,588,828
Instructional Staff	564,389	0	68,479	632,868
Board of Education	50,874	0	0	50,874
Administration	1,798,311	0	48,575	1,846,886
Fiscal	795,247	267,311	46,165	1,108,723
Business	114,065	0	0	114,065
Operation and Maintenance of Plant	2,008,074	0	4,856	2,012,930
Pupil Transportation	876,285	0	4,401	880,686
Central	561,391	0	10,680	572,071
Non-Instructional Services	718	0	841,115	841,833
Extracurricular Activities	479,624	0	162,848	642,472
Capital Outlay	1,484,248	3,931,664	0	5,415,912
Debt Service:				
Principal Retirement	0	0	635,000	635,000
Interest and Fiscal Charges	0	0	3,152,047	3,152,047
Total Expenditures	22,974,213	4,199,163	5,562,577	32,735,953
Excess of Revenues Over (Under) Expenditures	3,025,469	(3,226,516)	58,284	(142,763)
Other Financing Sources (Uses):				
Transfers In	0	0	72,489	72,489
Transfers Out	(72,489)	0	0	(72,489)
Total Other Financing Sources (Uses)	(72,489)	0	72,489	0
Changes in Fund Balances	2,952,980	(3,226,516)	130,773	(142,763)
Fund Balances at Beginning of Year	18,071,938	73,040,112	4,715,089	95,827,139
Fund Balances at End of Year	$21,024,918	$69,813,596	$4,845,862	$95,684,376

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2018

Changes in Fund Balances - Total Governmental Funds		(142,763)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.		
Capital Outlay - Nondepreciable Capital Assets	5,407,321	
Capital Outlay - Depreciable Capital Assets	226,517	
Depreciation	(574,183)	
		5,059,655
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.		
Proceeds from Sale of Capital Assets	(34,688)	
Gain on Disposal of Capital Assets	8,404	
Loss on Disposal of Capital Assets	(15,120)	
		(41,404)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds		
Delinquent Property Taxes	7,569	
Intergovernmental	(23,421)	
Interest	2,400	
Tuition and Fees	2,940	
		(10,512)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position		
General Obligation Bonds		635,000
Interest is reported as an expenditure when due in the governmenta funds but is accrued on outstanding debt on the statement of net position Premiums are reported as revenues when the debt is first issued however, this amount is deferred and amortized on the statement of activities.		
Accrued Interest Payable	26,424	
Amortization of Premium	15,354	
		41,778

(continued)

Some expenses reported on the statement of activities do no require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated Absences Payable	($134,211)	
Separation Benefits Payable	80,000	
		(54,211)
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.		
Pension		9,760,400
OPEB		977,477
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows		
Pension		1,839,735
OPEB		63,110
Change in Net Position of Governmental Activities		$18,128,265

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
Revenues:				
Property Taxes	$14,520,575	$16,298,274	$14,758,763	($1,539,511)
Payment in Lieu of Taxes	658,872	661,372	513,415	(147,957)
Intergovernmental	7,486,243	5,708,544	7,545,463	1,836,919
Interest	100,000	100,000	266,102	166,102
Tuition and Fees	704,000	704,000	1,433,477	729,477
Extracurricular Activities	15,000	15,000	3,700	(11,300)
Gifts and Donations	2,106,650	2,106,650	2,110,540	3,890
Miscellaneous	57,200	61,200	31,675	(29,525)
Total Revenues	25,648,540	25,655,040	26,663,135	1,008,095
Expenditures:				
Current:				
Instruction:				
Regular	10,478,767	10,852,429	10,270,689	581,740
Special	2,591,686	2,591,936	2,481,773	110,163
Support Services:				
Pupils	1,486,326	1,502,671	1,456,960	45,711
Instructional Staff	693,710	706,861	578,368	128,493
Board of Education	78,828	80,328	56,666	23,662
Administration	1,759,885	1,838,631	1,798,827	39,804
Fiscal	735,489	871,539	798,701	72,838
Business	105,702	105,702	113,560	(7,858)
Operation and Maintenance of Plant	2,416,349	2,305,102	2,013,665	291,437
Pupil Transportation	1,010,256	1,076,191	903,776	172,415
Central	675,356	679,356	583,321	96,035
Non-Instructional Services	27,492	27,492	718	26,774
Extracurricular Activities	512,567	472,787	477,706	(4,919)
Capital Outlay	1,931,227	1,752,727	1,492,890	259,837
Total Expenditures	24,503,640	24,863,752	23,027,620	1,836,132
Excess of Revenues Over Expenditures	1,144,900	791,288	3,635,515	2,844,227
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	158,816	158,816	168,056	9,240
Refund of Prior Year Receipts	(10,000)	(10,000)	(358)	9,642
Advances Out	(5,000)	(5,000)	0	5,000
Transfers Out	(75,000)	(75,000)	(72,489)	2,511
Total Other Financing Sources (Uses)	68,816	68,816	95,209	26,393
Changes in Fund Balance	1,213,716	860,104	3,730,724	2,870,620
Fund Balance at Beginning of Year	16,784,327	16,784,327	16,784,327	0
Prior Year Encumbrances Appropriated	112,272	112,272	112,272	0
Fund Balance at End of Year	$18,110,315	$17,756,703	$20,627,323	$2,870,620

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	$56,407	$65,711
Liabilities:		
Due to Students	0	$65,711
Net Position:		
Held in Trust for Scholarships	$56,407	

See Accompanying Notes to the Basic Financial Statements

Rossford Exempted Village School District
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions:	
Gifts and Donations	$10,718
Deductions:	
Non-Instructional Services	13,136
Change in Net Position	(2,418)
Net Position at Beginning of Year	58,825
Net Position at End of Year	$56,407

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District is staffed by eighty-four classified employees, one hundred sixteen certified teaching personnel, and eighteen administrative employees who provide services to one thousand six hundred nine students and other community members. The School District currently operates six instructional buildings.

Reporting Entity

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

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

The School District's reporting entity includes the following:

> Non-Public School - Within the School District's boundaries, All Saints is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, Penta Career Center, Northwestern Ohio Educational Research Council, Inc., Ohio School Plan, Wood County Schools Benefit Plan Association, Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Rossford Public Library. These organizations are presented in Notes 22, 23, and 24 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

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

> General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> Building - The Building Fund is used to account for and report debt proceeds and other resources restricted for building improvements.

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB and explained in Notes 15 and 16 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources consists of property taxes, payment in lieu of taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes accrued interest, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Notes 15 and 16 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund and function level for the General Fund and the fund level for all other funds.

Note 2 - Summary of Significant Accounting Policies (continued)

The certificate of estimated resources 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 statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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 represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

During fiscal year 2018, the School District invested in mutual funds, negotiable certificates of deposit, federal agency securities, United States Treasury securities, commercial paper, and STAR Ohio. Investments are reported at fair value or amortized cost. Fair value is based on quoted market price or current share price. STAR 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 Statement No. 79, “Certain External Investment Pools and Pool Participants”. The School District measures the 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 a NAV that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for 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 this purpose.

The School District’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

The Board of Education allocates interest according to State statute. Interest revenue credited to the General Fund during fiscal year 2018 was $324,651, which includes $81,532 assigned from other School District funds.

Note 2 - Summary of Significant Accounting Policies (continued)

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. 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 reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of two thousand dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Useful Lives
Land Improvements	15-50 years
Buildings and Building Improvements	10 - 110 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 - 20 years

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans and for services provided are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net position.

Note 2 - Summary of Significant Accounting Policies (continued)

K. 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 the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

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

Under Ohio law, premiums on the original issuance of debt are to be deposited in the Bond Retirement Fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to a bond escrow agent.

Note 2 - Summary of Significant Accounting Policies (continued)

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations and federal and state grants. The School District'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.

O. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" 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 are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. Certain resources have also been assigned for various educational activities.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

The School District first applies restricted resources when an expenditure is 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 can be used.

P. Interfund Transactions

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

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

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

Q. Pension/Postemployment Benefits

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

R. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Net Position

For fiscal year 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", Statement No. 85, "Omnibus 2017", and related guidance from GASB Implementation Guide No. 2017-3, "Accounting and Financial Reorting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

Note 3 - Change in Accounting Principles and Restatement of Net Position (continued)

For fiscal year 2018, the School District also implemented GASB Implementation Guide No. 2017-1. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The implementation of this statement had the following effect on net position as previously reported.

Net Position (Deficit) June 30, 2017	($7,734,351)
Net OPEB Liability	(7,758,299)
Deferred Outflows - Payments Subsequent to the Measurement Date	51,562
Restated Net Position (Deficit) June 30, 2017	($15,441,088)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred outflows/inflows of resources as the information needed to generate these restatements was not available.

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 (pension and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2018, the Food Service, Ohio K-12 Network, and Early Childhood Preschool special revenue funds had deficit fund balances, in the amount of $22,809, $120, and $217, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The General Fund business and extracurricular programs, the Secondary Transition special revenue fund, and the Building capital projects fund had expenditures plus encumbrances in excess of appropriations, in the amount of $7,858, $4,919, $459, and $125,228, respectively, for the fiscal year ended June 30, 2018. The Treasurer will monitor budgetary transactions to ensure that expenditures are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

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

The major differences between the budget basis and the GAAP basis are as follows:

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

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

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

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

	Changes in Fund Balance
GAAP Basis	$2,952,980
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2017, Received in Cash FY 2018	3,911,277
Accrued FY 2018, Not Yet Received in Cash	(3,026,155)
Expenditure Accruals:	
Accrued FY 2017, Paid in Cash FY 2018	(2,774,616)
Accrued FY 2018, Not Yet Paid in Cash	2,784,270
Cash Adjustments:	
Unrecorded Activity FY 2017	(1,774)
Unrecorded Activity FY 2018	(51,839)
Prepaid Items	10,206
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(73,625)
Budget Basis	$3,730,724

Note 6 - Deposits and Investments

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

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

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

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

Interim monies held by the School District 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;

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);

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

8. Commercial paper and bankers' acceptances if training requirements have been met.

Note 6 - Deposits and Investments (continued)

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, $229,042 of the School District's bank balance of $3,415,424 was exposed to custodial credit risk because it was uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or 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 by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value or amortized cost. As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years
Fair Value - Level One Inputs				
Mutual Funds	$83,829	$83,829	$0	$0
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	4,936,141	1,737,945	2,703,741	494,455
Federal Farm Credit Bank Notes	993,460	993,460	0	0
Federal Home Loan Bank Notes	2,484,143	1,274,149	1,209,994	0

(continued)

Note 6 - Deposits and Investments (continued)

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years
Fair Value - Level Two Inputs (continued)				
Federal Home Loan Mortgage Corporation Notes	$4,199,709	$3,161,283	$1,038,426	$0
United States Treasury Bills	29,611,873	29,611,873	0	0
United States Treasury Notes	2,945,451	2,945,451	0	0
Commercial Paper	39,340,961	39,340,961	0	0
Total Fair Value - Level Two Inputs	84,511,738	79,065,122	4,952,161	494,455
Net Value Per Share				
STAR Ohio	8,574,717	8,574,717	0	0
Total Investments	$93,170,284	$87,723,668	$4,952,161	$494,455

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2018. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The negotiable certificates of deposit are generally covered by FDIC and/or SIPC insurance. The mutual funds, federal agency securities, and United States Treasury securities carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services, and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 - Deposits and Investments (continued)

The School District places no limit on the amount of its interim monies it may invest in a particular security with the exception of commercial paper notes and bankers acceptances, which are limited to 40 percent of the School District's interim funds.

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	$4,936,141	5.30%
Federal Farm Credit Bank	993,460	1.07
Federal Home Loan Bank	2,484,143	2.67
Federal Home Loan Mortgage Corporation	4,199,709	4.51
United States Treasury	32,557,324	34.94
Commercial Paper	39,340,961	42.22

Note 7 - Receivables

Receivables at June 30, 2018, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
State of Ohio	$36,649
Other Governmental Funds	
Secondary Transit	459
Title VI-B	259,928
Title I	136,788
Early Childhood Preschool	11,975
Title II-A	45,136
Miscellaneous Federal Grants	12,888
Total Other Governmental Funds	467,174
Total Governmental Activities	$503,823

<u>Note 8 - Property Taxes</u>

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2018, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2018, was $2,967,385 in the General Fund, $331,943 in the Bond Retirement debt service fund, and $554,922 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2017, was $3,845,801 in the General Fund, $433,570 in the Bond Retirement debt service fund, and $689,769 in the Permanent Improvement capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	$183,387,100	51.82%	$195,598,420	52.88%
Industrial/Commercial	159,128,700	44.97	162,445,080	43.92
Public Utility	11,369,670	3.21	11,817,820	3.20
Total Assessed Value	$353,885,470	100.00%	$369,861,320	100.00%
Tax rate per $1,000 of assessed valuation	$69.60		$69.20	

Note 9 - Tax Abatements

The School District's property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments.

Overlapping Government	Amount of Fiscal Year 2018 Taxes Abated
Community Reinvestment Area	
Wood County	$814,831
City of Northwood	129,558
Enterprise Zone Agreement	
Wood County	530,530
	$1,474,919

Note 10 - Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, Wood County, Perrysburg Township, the City of Rossford, and the City of Northwood have entered into agreements with a number of property owners under which these governments have granted property tax exemptions to those property owners. The property owners have agreed to make payments to these governments which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreements expire.

Note 11 - Capital Assets

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

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18
Governmental Activities				
Nondepreciable Capital Assets				
Land	$1,202,221	0	0	$1,202,221
Construction in Progress	1,538,277	5,407,321	(1,485,949)	5,459,649
Total Nondepreciable Capital Assets	2,740,498	5,407,321	(1,485,949)	6,661,870
Depreciable Capital Assets				
Land Improvements	6,500,794	0	0	6,500,794
Buildings and Building Improvements	9,492,779	1,485,949	0	10,978,728
Furniture, Fixtures, and Equipment	1,793,040	8,138	0	1,801,178
Vehicles	1,652,888	218,379	(401,541)	1,469,726
Total Depreciable Capital Assets	19,439,501	1,712,466	(401,541)	20,750,426
Less Accumulated Depreciation				
Land Improvements	(2,615,398)	(265,679)	0	(2,881,077)
Buildings and Building Improvements	(7,377,543)	(180,488)	0	(7,558,031)
Furniture, Fixtures, and Equipment	(1,582,667)	(33,376)	0	(1,616,043)
Vehicles	(1,044,272)	(94,640)	360,137	(778,775)
Total Accumulated Depreciation	(12,619,880)	(574,183)	360,137	(12,833,926)
Depreciable Capital Assets, Net	6,819,621	1,138,283	(41,404)	7,916,500
Governmental Activities Capital Assets, Net	$9,560,119	$6,545,604	($1,527,353)	$14,578,370

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$89,754
Special	28,078
Vocational	2,568
Support Services:	
Pupils	6,232
Instructional Staff	8,609
Administration	6,623
Fiscal	1,136
Operation and Maintenance of Plant	43,375
Pupil Transportation	93,036
Central	2,798
Non-Instructional Services	18,068
Extracurricular Activities	273,906
Total Depreciation Expense	$574,183

Note 12 - Interfund Assets/Liabilities

At June 30, 2018, the General Fund had an interfund receivable from other governmental funds, in the amount of $19,707, for short-term loans made to those funds.

Note 13 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Buildings and Contents - replacement cost	$72,043,923
Automobile Liability	3,000,000
General School District Liability	
Per Occurrence	3,000,000
Total per Year	5,000,000

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

For fiscal year 2018, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Wood County Schools Benefit Plan Association (Association), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The School District pays monthly premiums to the Association for employee medical, dental, vision, and life insurance benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2018, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 14 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2019 are as follows:

General Fund	$73,625
Building Fund	2,302,547
Other Governmental Funds	264,208
Total	$2,640,380

Note 15 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liability represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability 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.

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

Note 15 - Defined Benefit Pension Plans (continued)

GASB Statements No. 68 and No. 75 assume 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 the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the fiscal year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows.

	Eligible to retire on or before August 1, 2017 *	Eligible to retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; 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; Age 60 with 25 years of service credit

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

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

Note 15 - Defined Benefit Pension Plans (continued)

One year after an effective benefit date, a benefit recipient is entitled to a 3 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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $387,555 for fiscal year 2018. Of this amount, $81,000 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - School District licensed teachers and other certified 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 publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost of living adjustment was reduced to zero. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

The DCP allows members to place all their member contributions and 9.5 percent of the 14 percent employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Note 15 - Defined Benefit Pension Plans (continued)

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 percent goes to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty 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 fifty or later.

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $1,452,180 for fiscal year 2018. Of this amount, $246,452 is reported as an intergovernmental payable.

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

The net pension liability 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

Note 15 - Defined Benefit Pension Plans (continued)

Following is information related to the proportionate share and pension expense.

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.09586930%	0.09321735%	
Proportion of the Net Pension Liability Current Measurement Date	0.09196870%	0.08991080%	
Change in Proportionate Share	0.00390060%	0.00330655%	
Proportionate Share of the Net Pension Liability	$5,494,926	$21,358,503	$26,853,429
Pension Expense	($552,863)	($9,207,537)	($9,760,400)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$236,482	$824,765	$1,061,247
Changes of Assumptions	284,146	4,671,339	4,955,485
School District Contributions Subsequent to the Measurement Date	387,555	1,452,180	1,839,735
Total Deferred Outflows of Resources	$908,183	$6,948,284	$7,856,467
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$0	$172,141	$172,141
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	26,083	704,856	730,939
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	529,491	2,650,728	3,180,219
Total Deferred Inflows of Resources	$555,574	$3,527,725	$4,083,299

Note 15 - Defined Benefit Pension Plans (continued)

$1,839,735 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2019	($112,600)	$670	($111,930)
2020	170,964	959,515	1,130,479
2021	34,788	834,667	869,455
2022	(128,098)	173,527	45,429
Total	($34,946)	$1,968,379	$1,933,433

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67 as part of the 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 terminations). Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2017, are presented below.

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal

Note 15 - Defined Benefit Pension Plans (continued)

Prior to 2017, an assumption of 3 percent was used for COLA and Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. Mortality among service retired members and beneficiaries were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates. Mortality among disabled members was based on the RP-2000 Disabled Mortality Table; 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 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 earnings were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

Note 15 - Defined Benefit Pension Plans (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's Proportionate Share of the Net Pension Liability	$7,625,530	$5,494,926	$3,710,112

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2017, actuarial valuation compared with July 1, 2016, are presented below.

	July 1, 2017	July 1, 2016
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 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 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 the July 1, 2017, actuarial valuation, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were 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. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table projected forward generationally using Mortality Improvement Scale MP-2016.

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 2, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience effective July 1, 2012.

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	$30,616,688	$21,358,503	$13,559,871

Note 15 - Defined Benefit Pension Plans (continued)

Social Security System

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

Note 16 - Postemployment Benefits

See Note 15 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for nonteaching retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. The SERS Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need ten 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 sixty-five 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 State statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the 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). The 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 establishes 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.

Note 16 - Postemployment Benefits (continued

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; prorated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. State statute provides 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 School District's surcharge obligation was $48,756.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $63,110 for fiscal year 2018. Of this amount, $51,756 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing health care plan for eligible retirees who participated in the defined benefit and combined pension plans offered by STRS. Ohio law authorizes STRS to offer the 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 STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care 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 postemployment 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 postemployment health care.

Net 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 School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Note 16 - Postemployment Benefits (continued

Following is information related to the proportionate share and OPEB expense.

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.09728600%	0.09321735%	
Proportion of the Net OPEB Liability Current Measurement Date	0.09346170%	0.08991080%	
Change in Proportionate Share	0.00382430%	0.00330655%	
Proportionate Share of the Net OPEB Liability	$2,508,266	$3,507,987	$6,016,253
OPEB Expense	$118,233	($1,095,710)	($977,477)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$0	$202,502	$202,502
School District Contributions Subsequent to the Measurement Date	63,110	0	63,110
Total Deferred Outflows of Resources	$63,110	$202,502	$265,612
Deferred Inflows of Resources			
Changes of Assumptions	$238,022	$282,580	$520,602
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	6,624	149,940	156,564
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	86,770	151,573	238,343
Total Deferred Inflows of Resources	$331,416	$584,093	$915,509

$63,110 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019.

Note 16 - Postemployment Benefits (continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2019	($119,334)	($76,093)	($195,427)
2020	(119,334)	(76,093)	(195,427)
2021	(91,092)	(76,093)	(167,185)
2022	(1,656)	(76,094)	(77,750)
2023	0	(38,608)	(38,608)
2024	0	(38,610)	(38,610)
Total	($331,416)	($381,591)	($713,007)

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 modification 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.

Note 16 - Postemployment Benefits (continued

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 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
Investment Rate of Return	7.5 percent net of investment expenses, 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 inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.5 to 5 percent
Pre-Medicare	7.5 to 5 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates and the 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, 7.5 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 ten year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS Health Care Plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Note 16 - Postemployment Benefits (continued

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 the 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 retirement system at the State statute contribution rate of 2 percent of projected covered employee payroll each year which includes a 1.5 percent payroll surcharge and .5 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 Twenty-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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rate - 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 and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63 percent) or one percentage point higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.5 percent decreasing to 4 percent) and one percentage point higher (8.5 percent decreasing to 6 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	$3,029,051	$2,508,266	$2,095,672

	1% Decrease (6.5% Decreasing to 4%)	Current Trend Rate (7.53% Decreasing to 5%)	1% Increase (8.5% Decreasing to 6%)
School District's Proportionate Share of the Net OPEB Liability	$2,035,270	$2,508,266	$3,134,285

Note 16 - Postemployment Benefits (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	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 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 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 were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. For disabled retirees, mortality rates were 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 reimbursements was extended to January 2020.

Note 16 - Postemployment Benefits (continued

The STRS Health Care Plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

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 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 Twenty-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 Twenty-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 Twenty-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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the 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.

	1% Decrease (3.13%)	Current Discount Rate (4.16%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	$4,709,417	$3,507,987	$2,558,466

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$2,437,199	$3,507,987	$4,917,270

Note 17 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days, administrative employees earn ten to thirty days, the superintendent earns twenty-five days, and the treasurer earns up to thirty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to eligible employees upon termination of employment to a maximum of fifty days for the superintendent and a maximum of ninety days for the treasurer. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month; the treasurer earns sick leave at a rate of 1.69 days per month. Sick leave may be accumulated up to a maximum of three hundred days for certified employees, two hundred eighty-four days for classified employees, and three hundred eighty-nine days for the treasurer. Upon retirement, payment is made for one-fourth of accrued but unused sick leave up to a maximum of two hundred eighty-eight days for certified employees and two hundred eighty-four days for classified employees. The treasurer is paid for one-third of accrued but unused sick leave to a maximum of three hundred eighty-nine days, and the superintendent is paid for one-fourth of accrued but unused sick leave to a maximum of thirty days.

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to all employees through the Wood County Schools Benefit Plan Association. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

C. Separation Benefits

The School District provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System that has five years of service with the School District will be paid a $15,000 severance bonus plus an additional $5,000 for each of the four years following retirement if notification of pending retirement is submitted in writing to the Superintendent no later than April 1 for retirement effective at the end of the current school year or prior to the following school year. At June 30, 2017, the School District had a liability for separation benefits of $165,000. During fiscal year 2018, the School District had no additional separation benefits and paid $80,000 in separation benefits. At June 30, 2018, the School District had a liability for separation benefits of $85,000.

Note 18 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Facilities Construction and Improvement Bonds FY 2017A					
Serial Bonds 3%	$465,000	$0	$465,000	$0	$0
Term Bonds 3-5%	21,025,000	0	0	21,025,000	5,000
Bond Premium	450,876	0	9,756	441,120	0
School Facilities Construction and Improvement Bonds FY 2017B					
Serial Bonds 2.5-4%	5,385,000	0	170,000	5,215,000	205,000
Term Bonds 3.05%	4,230,000	0	0	4,230,000	0
Bond Premium	316,597	0	5,598	310,999	0
Total General Obligation Bonds	31,872,473	0	650,354	31,222,119	210,000
Certificates of Participation					
2017 Certificates of Participation					
Serial Certificates 3.88-5%	22,170,000	0	0	22,170,000	565,000
Term Certificates 4%	20,830,000	0	0	20,830,000	0
Certificate Premium	1,805,012	0	0	1,805,012	0
Total Certificates of Participation	44,805,012	0	0	44,805,012	565,000
Net Pension Liability					
SERS	7,016,748	0	1,521,822	5,494,926	0
STRS	31,202,656	0	9,844,153	21,358,503	0
Total Net Pension Liability	38,219,404	0	11,365,975	26,853,429	0
Net OPEB Liability					
SERS	2,773,011	0	264,745	2,508,266	0
STRS	4,985,288	0	1,477,301	3,507,987	0
Total Net OPEB Liability	7,758,299	0	1,742,046	6,016,253	0
Compensated Absences Payable	1,745,714	202,733	68,522	1,879,925	86,827
Total Governmental Activities Long-Term Obligations	$124,400,902	$202,733	$13,826,897	$110,776,738	$861,827

Note 18 - Long-Term Obligations (continued)

FY 2017A School Facilities Construction and Improvement Bonds - On April 20, 2017, the School District issued general obligation bonds, in the amount of $21,490,000, for improving and constructing school buildings and facilities. The bond issue includes serial and term bonds, in the original amount of $465,000 and $21,025,000, respectively. The bonds were issued for a thirty-seven fiscal year period, with final maturity in fiscal year 2054. The bonds are being retired though the Bond Retirement debt service fund.

The bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2018	$5,000
2019	5,000
2020	5,000
2021	5,000
2022	5,000
2023	5,000
2024	5,000

The remaining principal, in the amount of $5,000, will be paid at stated maturity on December 1, 2025.

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2026	$5,000
2027	5,000
2028	5,000
2029	5,000

The remaining principal, in the amount of $5,000, will be paid at stated maturity on December 1, 2030.

Note 18 - Long-Term Obligations (continued)

The bonds maturing on December 1, 2039, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2031	$5,000
2032	5,000
2033	5,000
2034	5,000
2035	5,000
2036	5,000
2037	5,000
2038	840,000

The remaining principal, in the amount of $905,000, will be paid at stated maturity on December 1, 2039.

The bonds maturing on December 1, 2042, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2040	$940,000
2041	980,000

The remaining principal, in the amount of $1,050,000, will be paid at stated maturity on December 1, 2042.

The bonds maturing on December 1, 2047, in the original principal amount of $5,300,000, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2043	$1,060,000
2044	1,060,000
2045	1,060,000
2046	1,060,000

The remaining principal, in the amount of $1,060,000, will be paid at stated maturity on December 1, 2047.

Note 18 - Long-Term Obligations (continued)

The bonds maturing on December 1, 2047, in the original amount of $895,000, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2043	$35,000
2044	95,000
2045	190,000
2046	255,000

The remaining principal, in the amount of $320,000, will be paid at stated maturity on December 1, 2047.

The bonds maturing on December 1, 2053, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2048	$1,485,000
2049	1,545,000
2050	1,615,000
2051	1,715,000
2052	1,790,000

The remaining principal, in the amount of $1,865,000, will be paid at stated maturity on December 1, 2053.

FY 2017B School Facilities Construction and Improvement Bonds - On May 23, 2017, the School District issued general obligation bonds, in the amount of $9,615,000, for improving and constructing school buildings and facilities. The bond issue includes serial and term bonds, in the original amount of $5,385,000 and $4,230,000, respectively. The bonds were issued for a twenty fiscal year period, with final maturity in fiscal year 2037. The bonds are being retired though the Bond Retirement debt service fund.

The bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2031	$620,000
2032	645,000
2033	695,000
2034	720,000
2035	745,000

Note 18 - Long-Term Obligations (continued)

The remaining principal, in the amount of $805,000, will be paid at stated maturity on December 1, 2036.

The serial bonds are subject to prior redemption on or after June 1, 2027, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of $5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

FY 2017 Certificates of Participation - On May 23, 2017, the School District issued certificates of participation, in the amount of $43,000,000, for improving and constructing school buildings and facilities. The certificate issue includes serial and term certificates, in the original amount of $22,170,000 and $20,830,000, respectively. The certificates were issued for a thirty fiscal year period, with final maturity in fiscal year 2047. The certificates are being retired though the Bond Retirement debt service fund.

The certificates maturing on December 1, 2040, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2038	$1,895,000
2039	1,990,000

The remaining principal, in the amount of $2,090,000, will be paid at stated maturity on December 1, 2040.

The certificates maturing on December 1, 2046, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2041	$2,195,000
2042	2,300,000
2043	2,410,000
2044	2,525,000
2045	2,650,000

The remaining principal, in the amount of $2,775,000, will be paid at stated maturity on December 1, 2046.

The serial certificates are subject to prior redemption on or after June 1, 2027, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of $5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2018, $67,994,997 of bond and certificate proceeds had not been spent.

Note 18 - Long-Term Obligations (continued)

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are made from the General Fund, and the Food Service, Title VI-B, Title I, and Early Childhood Preschool special revenue funds. For additional information related to the net pension/OPEB liability, see Notes 15 and 16 to the basic financial statements.

Compensated absences will be paid from the General Fund, and the Food Service, Title VI-B, Title I, and Early Childhood Preschool special revenue funds.

The School District's overall debt margin was $3,816,212 with an unvoted debt margin of $358,249 at June 30, 2018.

Principal and interest requirements to retire general obligation bonds and certificates of participation outstanding at June 30, 2018, were as follows:

	General Obligation Bonds			
Fiscal Year Ending June 30,	Serial	Term	Interest	Total
2019	$205,000	$5,000	$1,172,004	$1,382,004
2020	210,000	5,000	1,165,629	1,380,629
2021	220,000	5,000	1,159,029	1,384,029
2022	350,000	5,000	1,150,329	1,505,329
2023	365,000	5,000	1,139,454	1,509,454
2024-2028	2,200,000	25,000	5,511,970	7,736,970
2029-2033	1,665,000	1,290,000	5,092,961	8,047,961
2034-2038	0	2,990,000	4,579,687	7,569,687
2039-2043	0	4,715,000	3,967,596	8,682,596
2044-2048	0	6,195,000	2,784,200	8,979,200
2049-2053	0	8,150,000	1,219,200	9,369,200
2054	0	1,865,000	37,300	1,902,300
	$5,215,000	$25,255,000	$28,979,359	$59,449,359

Note 18 - Long-Term Obligations (continued)

Fiscal Year Ending June 30,	Certificates of Participation			
	Serial	Term	Interest	Total
2019	$565,000	$0	$1,807,038	$2,372,038
2020	605,000	0	1,783,638	2,388,638
2021	645,000	0	1,758,638	2,403,638
2022	690,000	0	1,731,938	2,421,938
2023	730,000	0	1,699,888	2,429,888
2024-2028	4,510,000	0	7,874,440	12,384,440
2029-2033	6,225,000	0	6,548,340	12,773,340
2034-2038	8,200,000	0	5,008,821	13,208,821
2039-2043	0	10,470,000	3,159,600	13,629,600
2044-2047	0	10,360,000	853,200	11,213,200
	$22,170,000	$20,830,000	$32,225,541	$75,225,541

Note 19 - Fund Balance

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

Fund Balance	General	Building	Other Governmental	Total Governmental Funds
Nonspendable for:				
Materials and Supplies Inventory	$0	$0	$2,489	$2,489
Prepaid Items	30,246	0	0	30,246
Total Nonspendable	30,246	0	2,489	32,735
Restricted for:				
Athletics and Music	0	0	95,701	95,701
Building Construction	0	69,813,596	0	69,813,596
Capital Improvements	9,319	0	0	9,319
Debt Retirement	0	0	2,043,806	2,043,806
Facilities Maintenance	0	0	11,208	11,208

(continued)

Note 19 - Fund Balance (continued)

Fund Balance	General	Building	Other Governmental	Total Governmental Funds
Restricted (continued)				
Non-Instructional Services	$1,933	$0	$0	$1,933
Parochial School	0	0	20,591	20,591
Permanent Improvements	0	0	2,649,416	2,649,416
Regular Instruction	0	0	15,725	15,725
Special Instruction	0	0	32,561	32,561
Total Restricted	11,252	69,813,596	4,869,008	74,693,856
Assigned for:				
Educational Activities	81,198	0	0	81,198
Unpaid Obligations	44,752	0	0	44,752
Total Assigned	125,950	0	0	125,950
Unassigned (Deficit)	20,857,470	0	(25,635)	20,831,835
Total Fund Balance	$21,024,918	$69,813,596	$4,845,862	$95,684,376

Note 20 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years. The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2018.

Balance June 30, 2017	$902,088
Current Year Set Aside Requirement	283,898
Current Year Offsets	(1,185,986)
Reserve Balance June 30, 2018	$0

Note 21 - Interfund Transfers

During fiscal year 2018, the General Fund made transfers to other governmental funds, in the amount of $72,489, to subsidize operations of other funds.

Note 22 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2018, the School District paid $89,248 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

B. Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of nine board members appointed from participating School Districts' or Educational Service Centers' elected Board of Education. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of these counties: Fulton, Ottawa, and Lucas; and two representatives from Wood County. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 121 West Main Street, Ashland, Ohio 44805.

Note 23 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a twelve member board consisting of individual representatives from various plan members. Hylant Administrative Services is the Plan's administrator and is responsible for processing claims, sales, and customer service. Financial information can be obtained from the Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43604.

B. Wood County Schools Benefit Plan Association

The Wood County Schools Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance to the employees of the participating members. Each participating member's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each member decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Retirement Plan Services, 519 Madison Avenue - 3rd Floor, Toledo, Ohio 43604.

C. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Assocation (OSBA) as 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 24 - Related Organization

The Rossford Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The library is governed by a Board of Trustees appointed by the Rossford Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Rossford Public Library, 720 Dixie Highway, Rossford, Ohio 43460.

Note 25 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 have been finalized and resulted in a receivable to the School District of $33,106 which has since been paid.

C. Litigation

The School District is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations. The management of the School District do not feel this will have a material impact on the financial statements.

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

	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability	0.09196870%	0.09586930%	0.10229080%	0.11377300%
School District's Proportionate Share of the Net Pension Liability	$5,494,926	$7,016,748	$5,836,813	$5,757,988
School District's Employee Payroll	$2,931,721	$2,989,364	$3,085,440	$3,071,015
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	187.43%	234.72%	189.17%	187.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2014
0.11377300%
$6,765,715
$3,122,908
216.65%
65.52%

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

	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability	0.08991080%	0.09321735%	0.09888116%	0.10630960%
School District's Proportionate Share of the Net Pension Liability	$21,358,503	$31,202,656	$27,327,860	$25,858,175
School District's Employee Payroll	$9,763,986	$9,673,457	$10,248,393	$10,713,392
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	218.75%	322.56%	266.66%	241.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2014 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2014
0.10630960%
$30,802,088
$11,044,846
278.88%
69.30%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.09346170%	0.09728600%
School District's Proportionate Share of the Net OPEB Liability	$2,508,266	$2,773,011
School District's Employee Payroll	$2,931,721	$2,989,364
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	85.56%	92.76%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.08991080%	0.09321735%
School District's Proportionate Share of the Net OPEB Liability	$3,507,987	$4,985,288
School District's Employee Payroll	$9,763,986	$9,673,457
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	35.93%	51.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$387,555	$410,441	$418,511	$406,661
Contributions in Relation to the Contractually Required Contribution	(387,555)	(410,441)	(418,511)	(406,661)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Employee Payroll	$2,870,778	$2,931,721	$2,989,364	$3,085,440
Contributions as a Percentage of Employee Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	$63,110	$51,562	$49,798	$79,991
Contributions in Relation to the Contractually Required Contribution	(63,110)	(51,562)	(49,798)	(79,991)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	2.20%	1.76%	1.67%	2.59%
Total Contributions as a Percentage of Employee Payroll (2)	15.70%	15.76%	15.67%	15.77%

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

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$425,643	$432,211	$433,466	$405,096	$442,128	$306,159
(425,643)	(432,211)	(433,466)	(405,096)	(442,128)	(306,159)
$0	$0	$0	$0	$0	$0
$3,071,015	$3,122,908	$3,222,795	$3,222,718	$3,265,344	$3,111,375
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$62,847	$62,976	$68,734	$96,438	$64,015	$176,380
(62,847)	(62,976)	(68,734)	(96,438)	(64,015)	(176,380)
$0	$0	$0	$0	$0	$0
2.05%	2.02%	2.13%	2.99%	1.96%	5.67%
15.91%	15.86%	15.58%	15.56%	15.50%	15.51%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$1,452,180	$1,366,958	$1,354,284	$1,434,775
Contributions in Relation to the Contractually Required Contribution	(1,452,180)	(1,366,958)	(1,354,284)	(1,434,775)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Employee Payroll	$10,372,714	$9,763,986	$9,673,457	$10,248,393
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$1,392,741	$1,435,830	$1,488,603	$1,441,401	$1,382,175	$1,351,165
(1,392,741)	(1,435,830)	(1,488,603)	(1,441,401)	(1,382,175)	(1,351,165)
$0	$0	$0	$0	$0	$0
$10,713,392	$11,044,846	$11,450,792	$11,087,700	$10,632,115	$10,393,577
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$107,134	$110,448	$114,508	$110,877	$106,321	$103,936
(107,134)	(110,448)	(114,508)	(110,877)	(106,321)	(103,936)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions - SERS

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 percent	3.25 percent
Future Salary Increases, Including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

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

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	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 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 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, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were 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. Preretirement mortality rates were based on the 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 were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Net OPEB Liability

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 inflation	
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Changes in Assumptions - STRS

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

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.

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2018	$59,004
Special Milk Program for Children	10.556	2018	278
National School Lunch Program:			
Cash Assistance	10.555	2018	290,090
Non-Cash Assistance (Commodities)	10.555	2018	108,395
Total National School Lunch Program			398,485
Total Child Nutrition Cluster			457,767
Total United States Department of Agriculture			**457,767**
UNITED STATES DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	2017	11,392
Title I Grants to Local Educational Agencies	84.010	2018	194,459
Total CFDA # 84.010			205,851
Supporting Effective Instruction State Grants	84.367	2017	1,691
Supporting Effective Instruction State Grants	84.367	2018	42,319
Total CFDA # 84.367			44,010
Special Education Cluster:			
Special Education Grants to States	84.027	2017	91,540
Special Education Grants to States	84.027	2018	339,203
Total CFDA # 84.027			430,743
Special Education Preschool Grants	84.173	2017	1,813
Special Education Preschool Grants	84.173	2018	7,095
Total CFDA # 84.173			8,908
Total Special Education Cluster			439,651
Student Support and Academic Enrichment Program	84.424	2018	6,111
Total United States Department of Education			**695,623**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Wood County Educational Service Center			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	2018	**5,576**
Total Expenditures of Federal Awards			**$1,158,966**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL 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 Rossford Exempted Village School District (the District) 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2017 to 2018 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 55,506
Special Education - Grants to States	84.027	114,842
Special Education Preschool Grants	84.173	8,420
Supporting Effective Instruction State Grants	84.367	16,618
Student Support and Academic Enrichment Program	84.424	3,889

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

Rossford Exempted Village School District
Wood County
325 Superior Street
Rossford, Ohio 43460

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rossford Exempted Village School District, Wood County, Ohio, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2019 wherein we noted the District 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 District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

March 27, 2019

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

Rossford Exempted Village School District
Wood County
325 Superior Street
Rossford, Ohio 43460

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Rossford Exempted Village School District, Wood County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Rossford Exempted Village School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, Rossford Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2018-001. Our opinion on the major federal program is not modified with respect to this matter.

The District's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness**,** described in the accompanying schedule of findings as item 2018-001.

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
Auditor of State

Columbus, Ohio

March 27, 2019

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ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD 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?**	Yes
(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)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Special Education Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Federal Expenditures

Finding Number	2018-001
CFDA Title and Number	1. CFDA #84.027 – Special Education Grants to States 2. CFDA #84.173 – Special Education Preschool Grants
Federal Award Identification Number	2018

/ Year			
Federal Agency	United States Department of Education		
Compliance Requirement	Other		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	**Finding Number (if repeat)**	

Noncompliance and Material Weakness

2 C.F.R. Subpart F § 200.510(b) requires that the auditee must prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the District's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency.
(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
(4) Include the total amount provided to subrecipients from each Federal program.
(5) For loan or loan guarantee programs described in §_200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
(6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in §_200.414 Indirect (F&A) costs.

The District did prepare its Schedule of Expenditures of Federal Awards (the Schedule) in compliance with the requirements above. However, the District overstated the Special Education Preschool Grants major program by $1,064. In addition, the District understated the Special Education Grants to States major program by $46,564. Additional errors were noted in nonmajor programs.

Errors and omissions to the Schedule of Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit. Adjustments, to which management have agreed, are reflected in the accompanying Schedule.

District management should review all grant and loan awards and be familiar with federal reporting requirements. The District should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Schedule is complete and accurate and major federal programs are correctly identified for audit.

Officials' Response:

An error was made when running the report to obtain the necessary information needed for the Schedule of Expenditures of Federal Awards. In the future, reports will be verified before sending to audit.

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	An error was made when running the report to obtain the necessary information needed for the Schedule of Expenditures of Federal Awards. In the future, reports will be verified before sending to audit.	6/30/2019	James Rossler, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

ROSSFORD EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD 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
APRIL 9, 2019