

**SOUTH-WESTERN CITY SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**SINGLE AUDIT**

**JULY 1, 2017 – JUNE 30, 2018**





# OHIO AUDITOR OF STATE KEITH FABER



Board of Education  
South-Western City School District  
3805 Marlane Drive  
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the South-Western City School District, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Ohio Auditor of State

January 17, 2019

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**SOUTH-WESTERN CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

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SOUTH-WESTERN CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

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

FEDERAL GRANTOR\ <i>Pass Through Grantor</i> \ Program/Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	Non-Cash Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	NA	10.553	\$ 2,155,970	\$ -
National School Lunch Program	NA	10.555	6,034,067	783,957
<i>Total Child Nutrition Cluster</i>			<u>8,190,037</u>	<u>783,957</u>
Child and Adult Food Care Program	NA	10.558	108,331	-
<b>Total U.S. Department of Agriculture</b>			<u>8,298,368</u>	<u>783,957</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	NA	84.010	6,816,003	-
<i>Special Education Cluster:</i>				
Special Education-Grants to States	NA	84.027	4,130,290	-
Special Education-Preschool Grants	NA	84.173	96,024	-
<i>Total Special Education Cluster</i>			<u>4,226,314</u>	<u>-</u>
Career and Technical Education-Basic Grants to State	NA	84.048	414,708	-
English Language Acquisition Grants	NA	84.365	538,721	-
Improving Teacher Quality State Grants	NA	84.367	846,621	-
Student Support and Academic Enrichment Program	NA	84.424	121,523	-
<i>Total Passed through Ohio Department of Education</i>			<u>12,963,890</u>	<u>-</u>
<i>Passed through the Ohio Board of Regents:</i>				
Adult Education-State Grant Program	AB-S1	84.002	179,293	-
<b>Total U. S Department of Education</b>			<u>13,143,183</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed through The YMCA of Central Ohio:</i>				
Head Start	N/A	93.600	1,030,902	-
<i>Passed through Ohio Department of Jobs and Family Services:</i>				
Refugee and Entrant Assistance-Discretionary Grants	NA	93.576	41,893	-
<b>Total U.S. Department of Health and Human Services</b>			<u>1,072,795</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 22,514,346</u>	<u>\$ 783,957</u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**SOUTH-WESTERN CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**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 the South-Western City School District, Franklin County (the District) under programs of the federal government for the fiscal 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, changes in net position, or cash flows 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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 D – FOOD DONATION PROGRAM**

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



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

South-Western City School District  
Franklin County  
3805 Marlane Drive  
Grove City, Ohio 43123

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South-Western City School District, Franklin County, (the District) as of and for the fiscal 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 December 20, 2018 wherein we noted the District adopted GASB Statement No. 75 as disclosed in Note 4.

***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 communication is not suitable for any other purpose.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 20, 2018

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

South-Western City School District  
Franklin County  
3805 Marlane Drive  
Grove City, Ohio 43123

To the Board of Education:

***Report on Compliance for The Major Federal Program***

We have audited the South-Western City School District'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 each of the South-Western City School District's major federal program for the fiscal 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 The Major Federal Program***

In our opinion, the South-Western City 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 fiscal year ended June 30, 2018.

***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 compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South-Western City School District, Franklin County (the District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 20, 2018 wherein we noted the District adopted GASB Statement No. 75 as disclosed in Note 4. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
December 20, 2018

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**SOUTH-WESTERN CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515**

**JUNE 30, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I Local Grants to Educational Agencies/CFDA #84.010
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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*Comprehensive Annual Financial Report  
For the Year ended June 30, 2018*

South-Western City Schools  
3805 Marlane Drive  
Grove City, Ohio 43123  
(614) 801-3047

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***SOUTH-WESTERN CITY SCHOOL DISTRICT***

***Grove City, Ohio***

***COMPREHENSIVE ANNUAL FINANCIAL  
REPORT***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Issued by the Treasurer's Office

Hugh W. Garside, Jr., Treasurer  
Karen K. New, Assistant Treasurer

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South-Western City School District  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2018

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## District Service Center

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3805 Marlane Drive  
Grove City, Ohio 43133-3304  
(614) 801-3000  
Fax: (614) 875-1494

December 20, 2018

### **CITIZENS AND BOARD OF EDUCATION OF THE SOUTH-WESTERN CITY SCHOOL DISTRICT:**

The twenty-ninth Comprehensive Annual Financial Report (CAFR) of the South-Western City School District (the District) Treasurer's Office contains financial statements, supplemental statements, and statistical information to provide complete and full disclosure of all material aspects of the District for the 2017-18 fiscal year. This report prepared by the Treasurer's office including the unmodified opinion of our independent auditors, Wilson, Shannon & Snow, Inc. Certified Public Accountants for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for the accuracy, completeness, and fairness of the report rests with the District. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report was prepared in conformance with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement MD & A and should be read in conjunction with it. The District's MD & A can be found immediately following the report of the independent auditors.

Copies of this report will be widely distributed throughout the District. A copy will be posted on the District's website and copies will be sent to the Southwest Public Library, Moody's Investors Services, Standard and Poor's Financial Rating Services, banks, and any other interested parties.

### **SCHOOL DISTRICT ORGANIZATION**

The District was established in 1959 through the consolidation of existing land areas and several smaller local school districts and is organized under Sections 2 and 3, Article VI of the constitution of the State of Ohio. Under Ohio law, there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the board of education, consisting of five members elected at large for staggered four year terms.

The Superintendent is the chief administrative officer of the District, responsible for both education and support operations. The Treasurer is the chief fiscal officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, and investing idle funds as specified by Ohio law.

### **THE REPORTING ENTITY AND SERVICES PROVIDED**

The District serves an area of approximately one hundred nineteen square miles. It encompasses most of the southwest quadrant of Franklin County, including a substantial portion of the southwest quadrant of the City of Columbus and five other cities and villages and a number of townships. In addition, a very small portion of Pickaway County is included within the District boundaries.

### **THE REPORTING ENTITY AND SERVICES PROVIDED – (Continued)**

The District maintains thirty-six instruction/support facilities staffed by 940 non-certificated employees, 1,570 certificated full-time teaching personnel and 99 administrative employees to provide services to 22,082 students.

This report includes all funds of the District. The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum offerings at the college preparatory and career technical levels; a broad range of co-curricular and extracurricular activities; special education programs and community recreation facilities.

The City of Grove City; Townships of Franklin, Jackson, Pleasant and Prairie; and the Southwest Public Library have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

### **ECONOMIC CONDITION AND OUTLOOK**

The District is an independent political subdivision characterized as a “city school district” under Ohio Law, and provides educational services as mandated by state and/or federal agencies. The District is located primarily in Franklin County, Ohio southwest of, and included in parts of the City of Columbus, the State capital. Generally speaking, the Columbus area is noted for its attractive service-based economy, cultural and educational elements. The District shares these demographic components with the resultant quality of life. Unemployment in Franklin County, as listed by the Ohio Department of Job and Family Services, was 3.8 percent for the period ending October 2018. The seasonally adjusted rate of unemployment in Ohio was 4.6 percent and the national rate was 3.7 percent for the same period.

The Columbus metropolitan area is characterized by its diverse economy and economic growth. A strong residential, commercial and industrial tax base, a very diverse labor force, and an unemployment rate below the State average have resulted in strong growth throughout the area. The District's specific economic and jurisdictional territory is comprised primarily of the City of Columbus, 38% of the District, the City of Grove City (the "City"), 34% of the District, and the townships of Jackson, Franklin, Prairie and Pleasant. The Grove City Area Community Improvement Corporation (the "Grove City CIC") was incorporated on August 8, 1979 in order to advance, encourage, and promote the industrial, economic, commercial and civic development in the City. The Grove City CIC is the agency and instrumentality of the City for industrial, commercial, distribution and research development and works to retain, expand, and attract capital investment and jobs to the City. Strategies used to implement the Grove City CIC's mission include the promotion of local, state, and federal financial assistance, tax incentives, and training/technical assistance programs. The Treasurer of the District is a member of the Grove City CIC.

#### ***Economic Development Initiatives and Incentives within the City***

In the City, opportunities for residential, commercial and industrial development have been enhanced by major expansions of the City's water distribution, sanitary sewer and street systems. On August 13, 2012, the reconstructed and expanded interchange located at Interstate 71 and State Route 665 opened. The I-71/SR 665 interchange can handle 41,600 vehicles a day, more than three times the previous capacity. By using the single-point urban interchange design, this project opens up hundreds of acres for development serving as a gateway to Rickenbacker International Airport ("Rickenbacker") located only minutes from the City. This interchange has significantly improved the safety and congestion on I-71 and SR 665 and serves as the western gateway to I-71 from Rickenbacker, thereby becoming an important expansion area for logistics companies capitalizing on the area's access to Rickenbacker's intermodal terminal.

Rickenbacker is a first-class cargo airport offering high-speed logistical movement of goods and serves as the area's only U.S. Foreign Trade Zone. With improved access to major interstate highways and area airports, the new redesigned interchange is also valuable to existing companies such as FedEx and Tigerpoly Manufacturing. These infrastructure improvements are a result of a comprehensive planning process that coordinates actions of the City with area developers.

**ECONOMIC CONDITION AND OUTLOOK – (Continued)**

The construction of the Rickenbacker Intermodal Connector (the "Intermodal Connector"), which is within two miles of the District nearby, but not within the territory of the City or the District, is a critical part of regional economic development effort. Formerly known as the East-West Connector, the Intermodal Connector has been designed in three phases. Phase I was completed in 2014 and is funded by a various funding sources including; the Ohio Department of Development, the Ohio Department of Transportation, and other public and private funding partners. Phase II began in 2015. The Intermodal Connector, which is expected to cost \$25 million, will connect the Norfolk-Southern Intermodal Yard with U.S. Route 23 on the very northern edge of Pickaway County. The Columbus region has shaped itself as a logistics hub for the eastern United States, and the area around Rickenbacker Global Logistics Park has become the epicenter. Warehousing growth in the past ten years has been strong north of Rickenbacker. The completion of the connector is expected to increase activity and business growth in the I-71 Corridor of the District significantly.

The Pinnacle Club of Grove City ("Pinnacle"), a 597-acre master planned residential community, is one example of the successful projects that have grown out of the City's planning process and coordination. Pinnacle began development in the spring of 2004, and it is expected, when fully developed, to include approximately 1,600 homes with prices ranging from \$250,000 to \$700,000, all centered around the championship golf course designed by Lanny Watkins that opened in September 2006.

Another development currently underway which highlights the City's commitment to furthering its public-private collaborations is the revitalization of the City's Town Center (the "Town Center"). The Town Center project is will include new library, new streetscapes, improved pedestrian circulation, and a new parking structure. The library is In addition, the Town Center Project is also expected to include the development of an adjacent property known as the "Old Lumberyard Site." The current plan for the Old Lumberyard Site provides for 120 one and two bedroom residential units.

The City also embarked on a new venture by opening its first institution of higher education. Harrison College opened a 20,000 square foot facility on 3.8 acres with visibility from I-71 in September 2009. Harrison College currently operates 14 branch campuses, but the facility in the City is their first location outside of the state of Indiana. After an extensive search of 32 different sites in Central Ohio, the 5,000-student Harrison College chose the City because of its many amenities and location. The opening of Harrison College helps the City achieve its goal in securing continuing educational opportunities for its citizens.

In March 2015, Mount Carmel Health Systems announced that it would be moving its inpatient hospital and 1,500 jobs from the City of Columbus to its 110 acre site near I-71 and SR 665 in Grove City. The site has been vacant since 2005, when its former tenant, Grovebrook Golf Club, ceased operations. It is anticipated that the move will be completed by 2018 featuring: (1) a new 500,000 square foot, seven story hospital with all private patient rooms through the 210 bed facility; (2) Every convenience to engage patients and their families, from easy to navigate pathways throughout the facility to bistro style kitchen and dining and on-demand room service; (3) Expanded emergency department; intensive care, maternity, oncology and palliative care services; and 8 new state-of-the-art surgical suites for inpatient and outpatient surgeries; (4) New 120,000 square foot five story medical office building connected to the hospital, with primary care, maternal fetal medicine, outpatient oncology and women's health services; and (5) Headquarters for Mount Carmel's Graduate Medical Education program.

OhioHealth announced plans to open two new medical facilities east of I-71 on Stringtown Road in the City. One facility will be a three-story, 80,000 square foot building, housing both a 24-hour emergency department with 16 patient bays and an inpatient surgical center with 26 beds. The other facility will be a 40,000 square foot ambulatory surgical center with offices. Both facilities are expected to open in late 2018.

### **ECONOMIC CONDITION AND OUTLOOK – (Continued)**

On May 6, 2016, the newly developed Scioto Grove Metro Park opened, offering over 620 acres to enhance the quality of living for the surrounding community. The park is robust with activities for outdoor enthusiasts including, but not limited to backpacking, canoeing/kayaking, fishing, picnic areas with shelters, and hiking and bike trails. The park runs along the Scioto River with mature forests and scenic bluffs overlooking the river, providing a quick escape to nature within a vibrant, growing city.

To accommodate industrial and commercial growth, the City has cooperated with private investors in the development of seven business and industrial parks, including: (1) Grove City Industrial Park, a 100-acre park with thirteen major buildings near the intersection of I-71 and SR 665; (2) Southpark, a 350-acre park with eighteen major buildings near the intersection of I-71 and Interstate 270; (3) Capital Park South, a 150-acre park with eight major buildings at I-270 and State Route 62; (4) Southpointe, a 53-acre park with seven major buildings at SR 665; (5) Gateway Business Park, 114-acre park with four major buildings at I-71 and SR 665; (6) Gateway to the City Office Park, a 35-acre park with twelve major buildings at I-71 and Stringtown Road; and (7) Gateway Business Park West, a 232-acre park that was platted in 1999.

Immediate access to I-71 and I-270 has resulted in the City's development as a travel center offering over 1,200 guest rooms with gross sales exceeding \$10 million per year. A growing list of restaurants complements the variety of accommodations found in the City.

The City offers the following economic development incentive programs:

1. Community Reinvestment Area ("CRA"): The City has four CRAs, including one in the Town Center that has recently been expanded. Properties within a CRA are eligible to receive real property tax abatement for real property improvements.
2. Tax Increment Financing ("TIF"): There are five TIF Districts within the City. Payments derived from the increased assessed value of any improvement to real property are directed towards a separate fund to finance the construction of the public infrastructure defined within the legislation approving the respective TIFs.
3. Enterprise Zones ("EZ"): In early 2004, the City passed Ordinance C-133-03 designating the territory as an EZ, which provides certain tax exemptions to certain businesses located in the EZ.

Major employers in the City include the following: Wal-Mart Distribution Center; FedEx Ground Package Distribution System; GAP Direct Inc. Distribution Systems; Manheim Ohio Auto Auction; Tigerpoly Manufacturing Inc.; Tosoh Corporation Headquarters for sales, marketing, and business development for North America; and Horton Emergency Vehicles van ambulance builders. Among those largest employers, Tigerpoly Manufacturing Inc. locates its corporate headquarters within the City, including a 32 acre manufacturing site.

#### ***Economic Development Initiatives and Incentives within the District but outside the City***

Economic development and land management in the Jackson and Franklin Township portion of the District is described in great detail in the 2009 Southwest Area Plan, a joint effort completed by the Southwest Area Commission ("SWAC"), the newest Columbus City Area Commission. The boundaries of SWAC run just west of 3C highway on the west, Mound Street on the north, I-71 South on the east, and I-270 on the south. This area primarily located in the District within this territory is composed of Columbus (50%), Franklin Township (40%), and Jackson Township (10%). SWAC's goal is to identify and encourage productive land use and economic development within the territory of SWAC. SWAC worked cooperatively with the City of Columbus, Franklin County, Franklin Township, Jackson Township and groups of interested residents and stakeholders to research, develop and adopt the Southwest Area Plan in March of 2009. This comprehensive 71-page plan provides detailed plans and considerations from the point of view of land use, current and recommended, by all zoning types. It further describes existing priority development sites and action-oriented recommendations.

**ECONOMIC CONDITION AND OUTLOOK – (Continued)**

The most significant development in the SWAC area is the Hollywood Casino Columbus (the "Casino"), which is located in Franklin Township and in the District. The Casino opened in October, 2012, with the final construction and development costs valued at approximately \$146.5 million. The project area encompasses 133 acres while the Casino floor is 180,000 square feet. The project employed approximately 3,500 construction workers and is expected to employ approximately 2,000 permanent workers for operations. The Casino features a steakhouse, a 10,000 square-foot banquet hall, cocktail lounge and sports bar. The District commenced the receipt of property-tax revenue in calendar year 2014 associated with the Casino's final building and land value. Additionally, thirty-three percent of funds from the Casino's taxes and license fees are required to go to school districts throughout the State and are distributed on a per pupil basis, in August and January each year.

The Casino is supported by a Joint Planning and Zoning Overlay Agreement (the "JPZO Agreement") between Franklin Township, the City of Columbus and Franklin County to ensure better coordination on projects, set forth future infrastructure and public investment opportunities, jointly market economic development opportunities and pursue a seamless look along the West Broad Street corridor.

The JPZO Agreement includes the creation of a 50-year joint economic development district ("JEDD"), which splits the City of Columbus income tax rate as follows: (i) 70% revenues to a project fund, (ii) 15% of revenues to the City of Columbus, and (iii) 15% of revenues to Franklin Township. It also sets aside 2% of the total income tax revenue collected from the Casino's construction site for the first five years of operation to be used to encourage businesses to participate in the JEDD, to assist in the mobilization, creation and coordination of the business working group in their effort to enhance the economic viability of the corridor area, and to make improvements in the right-of-way and other projects to revitalize the West Broad Street corridor. The JPZO Agreement further compensates Franklin Township over the life of the agreement through additional income tax payments.

A recent study of the economic impact of the Casino reveals tremendous economic development and tax base growth potential. The study examines the 2.4 square miles surrounding the Casino, which is an area bounded by I-270 to the west, Sullivan Avenue to the south, Wilson Road to the east, and Norfolk Southern Railroad to the north. This area includes parts of the City of Columbus, Prairie Township, and Franklin Township. The study, which was released in January 2013, provides suggested guidelines for the redevelopment of the Westland area and the West Broad Street Corridor. More than 1,000 neighboring businesses and residents participated in this study through public meetings, interviews and online surveys.

The study identified the following areas for potential development:

1. 3,200 additional jobs from warehousing distribution companies
2. 273 additional jobs from restaurant, hotel, and auto retailer development
3. 333 additional jobs from destination retailers and small vendors
4. 250,000 additional square feet of retail space in the Westland area, including restaurants, automotive industries, electronic stores and lifestyle oriented businesses
5. Increased office space and hotel development

According to the study, the development of the Casino, improvements to West Broad Street, redevelopment of Havenwood Townhome Community Apartments gives the area an opportunity to capitalize on attracting additional investors. Since the announcement of the Casino's development, the City of Columbus has committed \$5,000,000 to the improvement of Georgesville Road from West Broad Street to Sullivant Avenue and the Ohio Department of Transportation sponsored the redevelopment of West Broad Street west of Wilson Road.

The northwestern most portion of the District is in Prairie Township, with 73% of township territory in the District. Prairie Township has experienced recent and ongoing economic development activity. Doctor's Hospital completed a \$25 million expansion during 2010 and 2011. In addition, Doctor's Hospital added two additional buildings to a small medical office park across West Broad Street from its main facility.

## **ECONOMIC CONDITION AND OUTLOOK – (Continued)**

In terms of public investment, Prairie Township opened a community recreation center in June of 2015. The recreation center is financed primarily by funds generated from the area's Joint Economic Development Zone. In addition, Prairie Township began a streetscape makeover project along West Broad in the summer of 2015 which was completed in the summer of 2016. Prairie Township formed its own community improvement corporation in February 2010.

### ***Economic Condition and Outlook of the District***

On June 30, 2017 the State biennial budget bill, Ohio House Bill 49, was signed into law. Ohio House Bill 49 increased school district budgets throughout the State. Funding received from the State of Ohio represents roughly 56.6% of all General Fund operating revenues. Over the two-year biennial budget period, the District experienced an increase in state funding of roughly 5.5% during the 2017-18 fiscal year, with an additional 5.8% anticipated for the 2018-19 fiscal year.

The District maintained its promise to the community to make the property tax dollars received from the passage of the November 3, 2009, 7.4 mill operating levy last through calendar year 2013. In fact, the District's current five-year financial forecast projects a positive cash balance through fiscal year 2022-23.

## **MAJOR INITIATIVES**

### ***Strategic Planning***

The District developed long-term goals through a strategic planning process. To complete the process, the District utilized a strategic performance management tool called the Balanced Scorecard to build its framework. The District's balanced scorecard is a mixture of educational and financial measures that articulates the links between both human and physical inputs, processes and desired outcomes. It focuses the importance of managing these components to achieve the organization's strategic priorities through answering the questions of: 1) Who we are; 2) What we do; 3) Where education is headed; and 4) Where we want to be in the future.

### **Six Strategic Dimensions**

With community input and the services of volunteer facilitators, six strategic dimensions were identified as follows:

1. Academic Achievement
2. Student Development/Extracurricular Activities
3. Innovation in Education
4. College/Vocation Preparation
5. Parent Engagement
6. Diversity of the School District

### **Four Themes**

From these six dimensions, four themes emerged as follows:

1. Access for all students to the highest quality educational opportunities
2. Instruction created to meet the individual skills of students while advancing them toward their full potential
3. Seamless and universal access to instructional, enhancement and remedial learning opportunities through the integration of technology and other forms of communication
4. Engage the community to foster a fully integrated support system that feeds the development of every child.

## **MAJOR INITIATIVES – (Continued)**

### **Five Bold Goals**

Through this process, we have been able to identify five long-term goals for the district:

1. Students can enter college without remediation
2. Parents actively receive communication
3. Students graduate on time
4. Students exit emotionally, socially and physically prepared
5. Families are vested in planning their future

### **Eight High Yield Strategies**

1. K-12 career exploration and skills development for students
2. Parent education activities for preparing children for the 21<sup>st</sup> century workplace
3. Remediation and intervention for students in math, reading and writing to ensure on grade level performance
4. K-12 character, social skills and well-being programming for students
5. A rolling four-year plan that supports each student's post-secondary goals
6. Student access to rigorous coursework to earn credits toward graduation and beyond
7. Two-way communication of issues of concern and importance to families through multiple communication methods and partnerships
8. A comprehensive menu of services supporting the continuity of care for students

Data measurement and collection and systems alignment are significant parts of this process to fully meet the needs of the District's students.

As part of the strategic planning process, the School District has embraced the demand for a highly educated and skilled workforce. This demand requires an innovative approach for students that accelerates and challenges their learning opportunities.

The Accelerated Learning Center ("ALC") provides students in the School District an opportunity to take tuition-free college courses, based on their future plans, while completing their high school graduation requirements. Due to the nature of the programs and capacity limitations, there may be priority considerations made for acceptance into the ALC. Students who are not accepted into the program due to capacity limitations will still have the ability to participate in the College Credit Plus program through online coursework or courses taken on a college campus.

The ALC provides a unique, half-day approach, which allows students to earn college credits without paying the cost of college and without leaving the district. Students experience college-level coursework and gain an in-depth understanding of the skills and dedication necessary to succeed in a college environment, while also meeting their high school graduation requirements. ALC programs are located at Central Crossing High School and are being offered in cooperation with Columbus State Community College (CSCC). Transportation is provided for students who enroll in one of the three full ALC programs of study.

The ALC offers three programs of study:

1. Software Development – designed for the student interested in technology and associated college majors;
2. General Liberal Arts – designed to fulfill the requirements leading to a Bachelor's Degree for liberal arts-related fields; and
3. Applied Sciences – designed to fulfill the requirements leading to a Bachelor's Degree for mathematics, the sciences, allied health and other fields.

College credits earned through the General Liberal Arts and General Sciences programs are transcribed to CSCC and guaranteed transfer to any public college in Ohio, as well as many private colleges.

### **MAJOR INITIATIVES – (Continued)**

College credits earned through the Software Development program may transfer to other Ohio public and private colleges, but they are guaranteed to seamlessly align with the following four Associate’s Degree tracks at CSCC and can also count towards a related Bachelor’s Degree at other colleges and universities:

1. Software Developer;
2. Network Security;
3. Web Developer; and
4. Network Administrator.

Over the past several years, the School District’s state achievement scores improved in almost every category in every grade level. The prestigious National Merit Scholarship Program has recognized numerous School District high school students for their accomplishments. The School District’s graduates are receiving full or partial scholarships to some of the country’s top colleges and universities, and the School District’s career-technical students are finding well-paying positions in highly competitive job markets.

The School District offers a wide array of affordable community adult education programs as well as GED preparation and English as a Second Language classes. The School District has also partnered with local colleges and universities to offer the community college level courses in their own backyard. Classes are conveniently located at the South-Western Career Academy. The School District’s athletes have won numerous Ohio Capital Conference league team championships, as well as individual local, regional and state honors in a variety of sports; including football, basketball, volleyball, soccer, baseball, softball, wrestling, gymnastics, track and field, swimming, and cheerleading.

The School District also has some of the most recognized music programs in the country. More than 1,200 high school and middle school students participate in School District music programs annually. The School District’s high school bands, choirs, and orchestras compete on a national-level, winning praise wherever they perform.

Many of the School District’s students have received honors for artwork at the local, state, and national level. The School District’s student artwork is frequently on display in the Governor’s office, and Port Columbus International Airport, as well as exhibited at the Congressional Art Show in Washington D.C.

The School District’s staff members have been recognized as well. Some of the more notable awards received by the School District staff include the prestigious Milken National Teacher of the Year, Secondary Mathematics Teacher of the Year, Ohio Vocational Association New Teacher of the Year, and Ohio PTA Outstanding Educator Award.

The School District’s students and staff realize that they benefit from the support of the community, and they work hard to identify and raise funds to address the community’s needs as well. Students and staff raise tens of thousands of dollars each year for such organizations as the American Heart Association, Toys for Tots, The American Cancer Society, Children’s Hospital, homeless shelters, etc.

### ***Capital Improvements***

On March 6, 2012, the District passed a \$148,000,000 bond issue to secure its local share to participate in a classroom facilities assistance program with the Ohio School Facilities Commission with a total project cost of \$249,235,700. The project, co-funded by the State of Ohio, replaced thirteen of the District’s sixteen elementary buildings and one high school building. Two of the remaining three elementary buildings received significant renovations. The thirteen replacement elementary buildings were constructed in three phases. The first phase began in the spring of 2013 and resulted in the opening of four new elementary buildings in the fall of 2014. Five more elementary buildings opened in the fall of 2015, with the remaining four opening in the fall of 2016. The replacement high school began construction in the spring of 2014 and opened in the fall of 2015.



### **MAJOR INITIATIVES – (Continued)**

The elementary buildings were designed using a prototypical design process to create three separate enrollment capacities of 400, 520 and 600, respectively. The prototypical designs provide an equitable and repeatable design throughout the District while saving architectural design fees in the process. Additionally, the replacement buildings will provide instructional space designed for twenty-first century learning that will serve students for years to come.

### **FINANCIAL INFORMATION**

***Long-term Financial Planning*** – The District annually prepares a five-year financial forecast to ensure long-term financial success. The five-year financial forecast is prepared in October of each year and amended, if necessary, in May. The five-year financial forecast provides actual data on each major revenue and expenditure category for the past three fiscal years and forecasts these same categories for an additional five years. The five-year financial forecast is a planning tool used to certify if funds are available for future expenditures and additionally to strategize when the District will need to return to voters for additional funds or reduce expenditures accordingly. The five-year financial forecast is published on the Ohio Department of Education website for public use.

***Internal and Budgetary Controls*** - In developing the District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted by law no later than October 1 or once the County Auditor has completed the tax duplicate for the upcoming calendar year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriations measures, including any supplements or amendments, do not exceed the amount set forth in the latest of these official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. The Board of Education has established the legal level of control at the fund level, however, management controls budgets at the object level within a function and fund. All requisition requests must be approved by the individual program managers and be certified by the Business Manager and the Treasurer; necessary funds are then encumbered and purchase orders are created and released to vendors.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished daily reports showing the status of the budget account for which he or she is responsible.

As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds, and a separate higher bond covers certain individuals in policy making roles. The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

**OTHER INFORMATION**

**Independent Audit** - Provisions of State statute require an annual audit by independent accountants. Those provisions have been satisfied, and the opinion of Wilson, Shannon & Snow, Inc. Certified Public Accountants is included herein.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system for many years.

In addition to the financial audit, a single audit was performed as required by Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance"). The single audit report is not included in the CAFR.

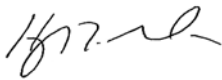
**Award** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South-Western City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose content conforms to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This was the twenty-eighth consecutive year that the District has received this prestigious award. We believe our current report continues to conform to the standards required by the Certificate of Achievement Program, and we are submitting it to the GFOA for review.

**Acknowledgments** – Appreciation is extended to Karen New, Assistant Treasurer, and the Treasurer's office staff for their dedication and support in publishing the Fiscal Year 2017-18 Comprehensive Annual Financial Report on a timely basis. Sincere thanks are also extended to various administrators and employees of the School District, the Franklin County Auditor's office staff and other outside agencies whose efforts assisted us with the fair presentation of the statistical information. Additionally, appreciation is expressed to the South-Western City School District Board of Education for their support, commitment and leadership to which the preparation of this report would not be possible.

Respectfully submitted,



Hugh W. Garside Jr., Treasurer



William H. Wise, Ph.D., Superintendent

## **PRINCIPAL OFFICIALS**

### **Board of Education**

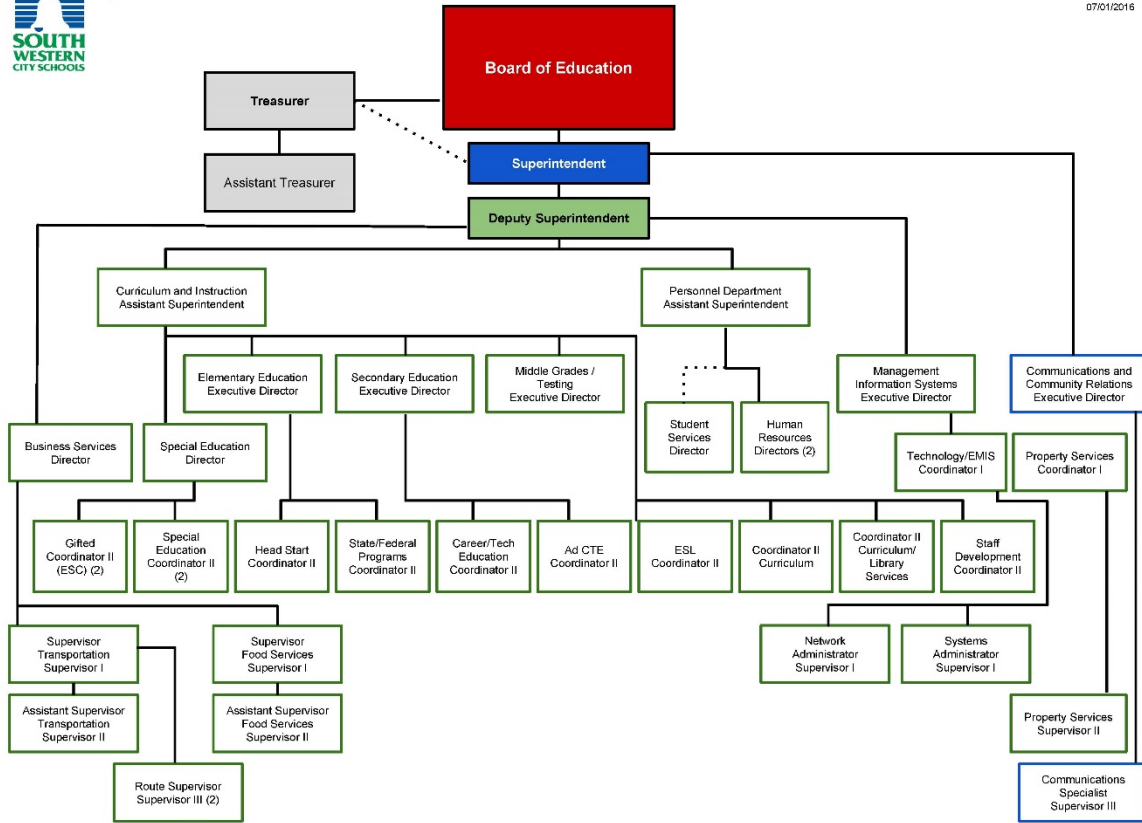
Lee C. Schreiner	President
Mindy K. Garverick	Vice President
David T. Donofrio	Member
Cathy Johnson	Member
Robert W. Ragland Sr.	Member

### **Central Office Administrative Staff**

William H. Wise, Ph.D.	Superintendent
David J. Stewart	Deputy Superintendent
Hugh W. Garside Jr.	Treasurer
Karen K. New	Assistant Treasurer
Carl R. Metzger, Ph.D.	Assistant Superintendent - Human Resources
Bradford W. Faust	Assistant Superintendent - Curriculum
Bryan J. Mulvany	Executive Director Data and Information Services
Sandra C. Nekoloff	Executive Director of Communications
Erik D. Shuey, Ph.D.	Executive Director of Secondary Education
Brian R. Bowser	Executive Director of Elementary Education
Cheryl A. Spain	Executive Director of Middle Grades and Achievement Data
Kevin D. Laffin	Director – Personnel, Certified
Kevin R. Scott	Director – Personnel, Classified
Monte T. Detterman	Business Manager
Amy L. Schakat	Coordinator - Career and Technical Programs
Amber N. Hufford	Coordinator – Pupil Services

## **TREASURER'S DEPARTMENT STAFF**

Hugh W. Garside Jr.	Treasurer
Karen K. New	Assistant Treasurer
Debra L. Makarius	Payroll Supervisor
Sue A. Mulford	Payroll
Nanette F. Spears	Payroll
Kathy D. Adams	Accounts Payable
Julie A. Babbert	Accounts Payable
Lisa L. Lee	Accounts Payable
Sue R. Zeszotek	Accounts Payable
Dawn M. Bowling	Employee Benefits
Nancie A. Bevilacqua	Accountant
Anita M. McCreary	Accountant





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**South-Western City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

South-Western City School District  
Franklin County  
3805 Marlane Drive  
Grove City, Ohio 43123

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South-Western City School District, Franklin County, Ohio (the District), as of and for the fiscal 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 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.

South-Western City School District  
Franklin County  
Independent Auditor's Report

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South-Western City School District, Franklin County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 4 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, the required budgetary comparison schedule and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Supplementary and Other Information***

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



South-Western City School District  
Franklin County  
Independent Auditor's Report

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 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.

*Wilson, Shannon & Sons, Inc.*

Newark, Ohio  
December 20, 2018

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

This section of the South-Western City District's (the District) annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds - the General, Debt Service, Capital Improvements, Building and Classroom Facilities Funds with all other funds presented in one column as non-major funds. The District has an Internal Service Proprietary Fund which accounts for the District's health self-insurance program. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

***Reporting the District as a Whole - District-wide Financial Statements***

One of the most important questions asked about the District is, "As a whole, what is the District's financial condition as a result of the fiscal year's activities?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. The statements were prepared to include all assets and deferred outflows of resources, liabilities and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position, as reported in the statement of net position, as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The statement of net position and the statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, food service, community services, extracurricular activities, and interest and fiscal charges. Property taxes, grants and entitlements finance most of these activities.

***Reporting the District's Most Significant Funds - Fund Financial Statements***

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes (the Food Service and District Managed Student Activity Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (like bond-funded construction funds used for voter-approved capital projects). The governmental funds of the District use the following accounting approach:

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**Using this Annual Report – (Continued)**

Governmental funds - All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at fiscal yearend that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation.

Proprietary fund – The District maintains an Internal Service Proprietary Fund to account for and accumulate costs internally among the District's various functions. The District's Internal Service Fund accounts for a health self-insurance program which provides health, dental and vision benefits to employees. The District does not have any enterprise funds.

***The District as Trustee - Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate statement of assets and liabilities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2018 and as of June 30, 2017 for comparison purposes:

**Table 1**  
**Net Position**  
**Governmental Activities**  
**(in thousands)**

	<u>2018</u>	<u>2017*</u>	<u>Change</u>
<b>Assets</b>			
Current Assets	\$ 369,864	\$341,202	\$ 28,662
Capital Assets	<u>336,430</u>	<u>345,881</u>	<u>(9,451)</u>
Total Assets	<u>706,294</u>	<u>687,083</u>	<u>19,211</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,227	-	1,227
Pension	101,674	84,998	16,676
OPEB	<u>3,789</u>	<u>503</u>	<u>3,286</u>
Total Deferred Outflows of Resources	<u>106,690</u>	<u>85,501</u>	<u>21,189</u>
<b>Liabilities</b>			
Current Liabilities	43,826	30,178	13,648
Net Pension Liability	309,810	423,063	(113,253)
Net OPEB Liability	68,154	85,155	(17,001)
Long-term Liabilities	<u>176,465</u>	<u>195,212</u>	<u>(18,747)</u>
Total Liabilities	<u>598,255</u>	<u>733,608</u>	<u>(135,353)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to			
Finance Current Year Operations	69,307	68,633	674
Deferred Charge on Refunding	281	315	(34)
Pension	13,225	2,069	11,156
OPEB	<u>8,494</u>	<u>-</u>	<u>8,494</u>
Total Deferred Inflows of Resources	<u>91,307</u>	<u>71,017</u>	<u>20,290</u>
<b>Net Position</b>			
Net Investment in Capital Assets	176,449	177,048	(599)
Restricted	30,225	27,929	2,296
Unrestricted	<u>(83,252)</u>	<u>(237,018)</u>	<u>153,766</u>
Total Net Position	<u>\$ 123,422</u>	<u>\$ (32,041)</u>	<u>\$ 155,463</u>

\*As restated, see Note 4

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the District's governmental activities is discussed on the following page.

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

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**The District as a Whole – (Continued)**

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

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

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

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

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

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$52,611 thousand to (\$32,041) thousand.

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**The District as a Whole – (Continued)**

The District's net position was \$123,422 thousand at June 30, 2018. Net investment in capital assets totaling \$176,449 thousand, compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations.

The results of this year's operations for the District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position as of June 30, 2018 and as of June 30, 2017, for comparison purposes.

**Table 2**  
**Changes in Net Position**  
**Governmental Activities**  
(in thousands)

	<u>2018</u>	<u>2017*</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenue			
Charges for Services and Sales	\$ 10,066	\$ 7,466	\$ 2,600
Operating Grants, Contributions and Interest	<u>48,930</u>	<u>44,696</u>	<u>4,234</u>
Total Program Revenue	<u>58,996</u>	<u>52,162</u>	<u>6,834</u>
General Revenue			
Property Taxes	127,338	116,847	10,491
Payment in Lieu of Taxes	2,723	2,482	241
Grants and Entitlements	130,656	125,870	4,786
Interest	2,408	1,122	1,286
Other Local Revenue	<u>1,351</u>	<u>1,663</u>	<u>(312)</u>
Total General Revenue	<u>264,476</u>	<u>247,984</u>	<u>16,492</u>
Total Revenues	<u>323,472</u>	<u>300,146</u>	<u>23,326</u>
<b>Program Expenses</b>			
Instruction	80,162	191,147	(110,985)
Support Services	65,521	88,935	(23,414)
Food Services	10,025	11,041	(1,016)
Community Services	1,449	2,132	(683)
Extracurricular Activities	4,642	4,712	(70)
Shared Services	59	373	(314)
Interest and Fiscal Charges	<u>6,151</u>	<u>6,103</u>	<u>48</u>
Total Expenses	<u>168,009</u>	<u>304,443</u>	<u>(136,434)</u>
<b>Change in Net Position</b>	155,463	(4,297)	159,760
<b>Net Position Beginning of Fiscal Year</b>	<u>(32,041)</u>	N/A	
<b>Net Position End of Fiscal Year</b>	<u>\$ 123,422</u>	<u>\$ (32,041)</u>	<u>\$ 155,463</u>

\*As restated, See Note 4

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**The District as a Whole – (Continued)**

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$503 thousand computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$11,060 thousand. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed (in thousands):

Total 2018 program expenses under GASB 75	\$ 168,009
Negative OPEB expense under GASB 75	11,060
2018 contractually required contribution	734
Adjusted 2018 program expenses	179,803
Total 2017 program expenses under GASB 45	304,443
Decrease in program expenses not related to OPEB	\$ (124,640)

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 their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 11) As a result of these changes, pension expense decreased from \$36,374 thousand in fiscal year 2017 to a negative pension expense of \$96,836 thousand for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows (in thousands):

	2018 Program Expenses Related to Negative <u>Pension Expense</u>
Program Expenses	
Instruction	\$ 81,787
Support Services	14,019
Food Services	443
Community Services	285
Extracurricular Activities	76
Shared Services	226
Total Expenses	\$ 96,836

As reported in the statement of activities, the cost of all of the governmental activities this fiscal year is \$168,009 thousand. Certain activities were partially funded from those who benefited from the programs in the amount of \$10,066 thousand or by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$48,930 thousand. The remaining “public benefit” portion of the governmental activities was paid for with \$127,338 thousand in taxes, \$130,656 thousand in grants and entitlements, and with other revenues.

The District experienced an increase in net position of \$155,463 thousand. This increase was realized primarily due to the decrease in total expenses.

As discussed above, the net cost shows the financial burden that was placed on the State and the District’s taxpayers by each of these functions. Since property taxes for operations and grants and entitlements constitute the vast majority of district operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the District and balance those needs with available unrestricted resources.

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**The District's Funds**

As noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the District's overall financial health.

As of June 30, 2018, the governmental funds reported a combined fund balance of \$248,322 thousand, which is an increase of \$22,952 thousand from the previous fiscal year. Additional detail regarding the increase is provided by fund type as follows:

The General Fund balance increased \$22,292 thousand to \$207,392 thousand. The increase is attributed to an overall increase in revenues, with the most significant increase attributed to intergovernmental revenue.

The Debt Service Fund balance increased \$1,368 thousand to \$19,145 thousand. This increase is primarily attributed to annual sinking fund payments that will be used to repay a \$6,670 thousand principal payment in December of 2025. The Debt Service Fund balance, which is sufficient to meet future obligations, is restricted to pay debt service obligations of the District.

The Capital Improvement Fund balance decreased \$1,021 thousand to \$4,155 thousand due to capital expenditures for paving and roofing related to buildings not being replaced through the capital project initiative.

The Building Fund balance decreased \$1,313 thousand to \$5,596 thousand due to continued capital project expenditures related to the Bolton Crossing addition.

The Classroom Facilities Fund balance decreased \$362 thousand to \$1,439 thousand due to the progress of capital project initiative.

The Other Governmental Funds balance increased \$1,988 thousand to \$10,595 thousand. This increase can be attributed to the timing of state and federal grants.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted prior to June 30, 2018.

Revisions were made to the original General Fund budget for fiscal year 2018 based on current needs. Budgeted revenues and other financing sources increased by \$15,094 thousand while budgeted expenditures and other financing uses increased by \$1,149 thousand due to minor variations which are insignificant compared to the scope of the entire budget.



South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**Capital Assets and Debt Administration**

***Capital Assets***

At June 30, 2018, the District had \$336,431 thousand invested in a broad range of capital assets, including land, construction in progress, improvements to land, buildings, furniture and equipment, vehicles, and buses. This amount represents a net decrease (including additions, deductions, and depreciation) of \$9,449 thousand, or 2.7 percent, from last fiscal year.

<u>Description of Capital Asset,</u>	<u>2018</u>	<u>2017</u>
<u>Net of Accumulated Depreciation</u>		
Land	\$ 8,679	\$ 8,679
Improvements to Land	29,844	31,162
Buildings	286,034	295,697
Furniture and Equipment	4,227	4,109
Vehicles	585	471
Buses	5,579	5,503
Construction in Progress	<u>1,483</u>	<u>259</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 336,431</u>	<u>\$ 345,880</u>

This fiscal year's additions of \$4,080 thousand included costs associated construction in progress related to the construction project, and equipment and technology purchases. A more detailed explanation of the District's capital assets can be located in Note 10 to the basic financial statements.

***Debt***

At June 30, 2018, the District had \$174,353 thousand in bonds and notes outstanding versus \$183,127 thousand in the previous fiscal year, which is a decrease of 4.8 percent. Those bonds and notes consisted of the following: (in thousands)

<u>Description of G.O. Bonds and Note</u>	<u>2018</u>	<u>2017</u>
2011 Qualified School Construction Bonds	\$ 6,670	\$ 6,670
2012 School Facilities	120,647	135,047
2016 Refunding Bonds	37,197	41,410
2017 Refunding Bonds	<u>9,839</u>	<u>-</u>
Total Long-term Bonds and Note Payable	<u>\$ 174,353</u>	<u>\$ 183,127</u>

The District's general obligation bond rating is periodically reviewed by two independent rating firms; Moody's Investors Service and Standard and Poor's. Moody's Investors Services affirmed the District's Aa2 credit rating on November 21, 2017. Standard and Poor's affirmed the District's AA- credit rating on November 21, 2017 due to the District's stable financial and academic position. The state limits the amount of general obligation debt that schools can issue to nine percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$162,040 thousand is below the \$246,792 thousand statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and capital leases. A more detailed explanation of the long-term liabilities is presented in Note 15 to Basic Financial Statements.

South-Western City School District  
Management's Discussion and Analysis  
(Unaudited)

**Current Issues Affecting Financial Conditions**

The District has three bargaining units. The teaching and certificated staffs are represented by the South-Western Education Association (S.W.E.A.). The classified staff is represented by Chapter 211 of the Ohio Association of Public School Employees (O.A.P.S.E.). The administrative staff is represented by the South-Western Schools Administrators Association (S.W.A.A.).

S.W.E.A. is affiliated with the Ohio Education Association (O.E.A), and the National Education Association (N.E.A.). The Board has bargained with the S.W.E.A. since 1968. On August 22, 2016, the Board and S.W.E.A. signed a three-year contract effective July 1, 2016 through June 30, 2019. The Board and S.W.E.A. agreed to provide a 2.25% base salary increase in each year of the contract.

Chapter 211 of the Ohio Association of Public School employees (O.A.P.S.E.) is affiliated with A.F.S.C.M.E. On March 13, 2017, the Board and O.A.P.S.E. signed a three-year contract effective July 1, 2017 through June 30, 2019 (with a one-year extension through June 30, 2020) retroactive to July 1, 2016. The Board and O.A.P.S.E. agreed to provide a 2.25% base salary increase of the four years of the agreement.

On September 12, 2016, the Board and S.W.A.A. signed a three-year contract effective July 1, 2016 through June 30, 2019. The Board and S.W.A.A. agreed to provide a 2.25% base salary increase in each year of the contract.

On June 30, 2017 the State biennial budget bill, Ohio House Bill 49, was signed into law. Ohio House Bill 49 increased school district budgets throughout the State. Funding received from the State of Ohio represents roughly 56.6% of all General Fund operating revenues. Over the two-year biennial budget period, the District received an increase in state funding of roughly 5.5% during the first year of the biennium and anticipates an increase of 5.8% in the second year of the biennium. The District's current five-year financial forecast projects a positive cash balance through fiscal year 2022-23.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions or need additional financial information, please feel free to contact:

Hugh W. Garside Jr.  
Treasurer/Chief Fiscal Officer  
Voice: (614) 801-3047  
Email: hugh.garside@swcsd.us

South-Western City Schools  
3805 Marlane Drive  
Grove City, Ohio 43123

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South-Western City School District  
Statement of Net Position  
June 30, 2018

	Governmental <u>Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 233,725,840
Receivables:	
Taxes	125,201,238
Payment in Lieu of Taxes	2,093,645
Accounts	237,534
Interest	427,043
Intergovernmental	7,744,988
Materials and Supplies Inventory	433,664
Capital Assets:	
Land	8,678,711
Construction in Progress	1,482,759
Depreciable Capital Assets, Net of Accumulated Depreciation	326,268,230
Total Capital Assets, Net of Accumulated Depreciation	<u>336,429,700</u>
Total Assets	<u>706,293,652</u>
<u>Deferred Outflows of Resources</u>	
Deferred Charge on Refunding	1,226,629
Pension	101,673,592
OPEB	3,789,569
Total Deferred Outflows of Resources	<u>106,689,790</u>
<u>Liabilities</u>	
Accounts Payable	4,073,109
Contracts Payable	419,234
Claims Payable	2,963,000
Accrued Wages and Benefits	24,552,405
Accrued Interest Payable	520,293
Due to Other Governments	58,771
Matured Compensated Absences	449,795
Long-Term Liabilities:	
Due within One Year	10,789,972
Due in More than One Year:	
Net Pension Liability	309,809,775
Net OPEB Liability	68,154,015
Other Amounts Due in More than One Year	176,464,625
Total Liabilities	<u>598,254,994</u>
<u>Deferred Inflows of Resources</u>	
Property Taxes not Levied to Finance Current Year Operations	69,307,097
Deferred Charge on Refunding	280,695
Pension	13,225,378
OPEB	8,493,525
Total Deferred Inflows of Resources	<u>91,306,695</u>
<u>Net Position</u>	
Net Investment in Capital Assets	176,449,342
Restricted for:	
Debt Service	12,290,004
Capital Projects	9,145,674
Other Purposes:	
Regular Instruction	820,693
Special Education	2,133,195
Vocational Education	74,320
Adult Basic Education	33,434
Instructional Staff	136,422
Extracurricular Activities	1,024,418
Food Service	4,565,883
Unrestricted	(83,251,632)
Total Net Position	<u>\$ 123,421,753</u>

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

South-Western City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 52,330,452	\$ 2,503,879	\$ 275,455	\$ (49,551,118)
Special	23,934,963	1,261,257	27,036,924	4,363,218
Vocational	3,044,812	78,747	2,750,338	(215,727)
Other	851,870	54,492	158,629	(638,749)
Support Services:				
Pupil	4,857,584	99	1,956,910	(2,900,575)
Instructional Staff	4,091,298	98,329	3,684,654	(308,315)
Board of Education	42,885	-	-	(42,885)
Administration	14,641,127	699	392,859	(14,247,569)
Fiscal	3,303,297	-	453,893	(2,849,404)
Business	1,138,922	-	-	(1,138,922)
Operations and Maintenance	17,865,160	530,186	132,221	(17,202,753)
Pupil Transportation	14,063,857	521,441	1,102,179	(12,440,237)
Central	5,516,593	788,148	54,000	(4,674,445)
Food Service	10,024,536	2,201,359	9,296,872	1,473,695
Community Services	1,449,236	14,479	1,635,210	200,453
Extracurricular Activities	4,642,218	1,647,852	-	(2,994,366)
Shared Services	59,527	365,318	-	305,791
Interest and Fiscal Charges	6,150,732	-	-	(6,150,732)
<b>Total Governmental Activities</b>	<b>\$ 168,009,069</b>	<b>\$ 10,066,285</b>	<b>\$ 48,930,144</b>	<b>(109,012,640)</b>
<b>General Revenues:</b>				
Property Taxes Levied for:				
General Purposes				107,745,696
Debt Service				15,026,577
Capital Projects				4,103,758
Classroom Facility Maintenance				461,791
Payment in Lieu of Taxes				2,722,586
Grants and Entitlements not Restricted to Specific Programs				130,656,259
Interest				2,408,307
Other Local Revenues				1,350,695
<b>Total General Revenues</b>				<b>264,475,669</b>
Changes in Net Position				
Net Position Beginning of Fiscal Year (restated)				(32,041,276)
Net Position End of Fiscal Year				\$ 123,421,753

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

South-Western City School District  
 Balance Sheet  
 Governmental Funds  
 June 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Building</u>	<u>Classroom Facilities</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash					
Equivalents	\$ 185,901,256	\$ 13,169,632	\$ 4,204,824	\$ 5,947,368	\$ 1,436,782
Receivable:					
Taxes	104,946,048	15,599,477	4,193,922	-	-
Payment in Lieu of Taxes	2,093,645	-	-	-	-
Accounts	122,697	-	-	60,156	-
Interest	417,261	-	-	7,822	1,960
Intergovernmental	1,683,144	66,072	19,633	-	53,294
Interfund Loan Receivable	1,483,500	-	-	-	-
Materials and Supplies Inventory	346,530	-	-	-	-
Total Assets	<u>\$ 296,994,081</u>	<u>\$ 28,835,181</u>	<u>\$ 8,418,379</u>	<u>\$ 6,015,346</u>	<u>\$ 1,492,036</u>
<u>Liabilities:</u>					
Accounts Payable	\$ 1,601,010	\$ -	\$ 1,900,740	\$ -	\$ -
Contracts Payable	-	-	-	419,234	-
Accrued Wages and Benefits	22,368,378	-	-	-	-
Due to Other Governments	58,771	-	-	-	-
Matured Compensated Absences Payable	417,491	-	-	-	-
Interfund Loans Payable	-	-	-	-	-
Total Liabilities	<u>24,445,650</u>	<u>-</u>	<u>1,900,740</u>	<u>419,234</u>	<u>-</u>
<u>Deferred Inflows of Resources:</u>					
Property Taxes not Levied to Finance					
Current Year Operations	57,688,003	9,007,670	2,149,633	-	-
Delinquent Taxes	5,122,840	682,558	212,845	-	-
State and Federal Grant Revenue Not Received	321,702	-	-	-	53,294
Payment in Lieu of Taxes Not Received	2,024,099	-	-	-	-
Total Deferred Inflows of Resources	<u>65,156,644</u>	<u>9,690,228</u>	<u>2,362,478</u>	<u>-</u>	<u>53,294</u>
<u>Fund Balance:</u>					
Nonspendable	346,530	-	-	-	-
Restricted	-	19,144,953	4,155,161	5,596,112	1,438,742
Committed	1,352,169	-	-	-	-
Assigned	2,493,061	-	-	-	-
Unassigned (Deficit)	203,200,027	-	-	-	-
Total Fund Balances	<u>207,391,787</u>	<u>19,144,953</u>	<u>4,155,161</u>	<u>5,596,112</u>	<u>1,438,742</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 296,994,081</u>	<u>\$ 28,835,181</u>	<u>\$ 8,418,379</u>	<u>\$ 6,015,346</u>	<u>\$ 1,492,036</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 10,917,363	\$ 221,577,225
461,791	125,201,238
-	2,093,645
54,681	237,534
-	427,043
5,922,845	7,744,988
-	1,483,500
87,134	433,664
<u>\$ 17,443,814</u>	<u>\$ 359,198,837</u>

\$ 363,426	\$ 3,865,176
-	419,234
2,184,027	24,552,405
-	58,771
32,304	449,795
1,483,500	1,483,500
<u>4,063,257</u>	<u>30,828,881</u>

461,791	69,307,097
-	6,018,243
2,323,685	2,698,681
-	2,024,099
<u>2,785,476</u>	<u>80,048,120</u>

87,134	433,664
11,119,798	41,454,766
-	1,352,169
-	2,493,061
(611,851)	202,588,176
<u>10,595,081</u>	<u>248,321,836</u>
<u>\$ 17,443,814</u>	<u>\$ 359,198,837</u>

South-Western City School District  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2018

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Total Governmental Fund Balances	\$ 248,321,836
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	336,429,700
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Delinquent Property Taxes	6,018,243
State and Federal Grant Revenue	2,698,681
Payment in Lieu of Taxes	2,024,099
Unamortized premiums and discounts on bond and long-term note issuances are not recognized in the funds.	(12,312,460)
The net pension liability is not due and payable in the current period therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	101,673,592
Deferred Outflows - OPEB	3,789,569
Deferred Inflows - Pension	(13,225,378)
Deferred Inflows - OPEB	(8,493,525)
Net Pension Liability	(309,809,775)
Net OPEB Liability	(68,154,015)
An internal service fund is used by management to charge the cost of health and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	8,977,682
Long-term liabilities, including bonds, are not due and payable in the current period and therefore are not reported in the funds:	
Interest Payable	(520,293)
Deferred Charges on Refunding	945,934
Compensated Absences Payable	(12,902,137)
General Obligation Debt	(155,370,000)
Energy Conservation Debt	(6,670,000)
Net Position of Governmental Activities	<u>\$ 123,421,753</u>

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



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South-Western City School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Building</u>
<b>Revenues:</b>				
Local:				
Taxes	\$ 106,911,769	\$ 14,915,974	\$ 4,078,448	\$ -
Tuition	4,133,177	-	-	-
Interest	2,287,173	29,527	-	73,943
Other Local Revenue	3,269,282	-	-	-
Payment in Lieu of Taxes	2,501,618	-	-	-
Intergovernmental	150,686,942	2,327,361	493,377	-
<b>Total Revenues</b>	<u>269,789,961</u>	<u>17,272,862</u>	<u>4,571,825</u>	<u>73,943</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	114,295,382	-	2,935,568	-
Special	43,270,355	-	-	-
Vocational	5,785,469	-	-	-
Other	2,384,343	-	-	-
Support Services:				
Pupil	12,155,625	-	-	-
Instructional Staff	4,827,558	-	-	-
Board of Education	42,885	-	-	-
Administration	18,564,536	-	5,345	-
Fiscal	2,697,564	153,550	48,217	-
Business	1,057,599	-	84,253	-
Operations and Maintenance	18,051,658	-	215,603	-
Pupil Transportation	14,957,510	-	865,898	-
Central	4,752,408	-	94,686	-
Food Service	-	-	-	-
Community Services	156,018	-	-	-
Shared Services	353,053	-	-	-
Extracurricular Activities	3,300,771	-	126,121	-
Capital Outlay	6,419	-	1,216,691	1,386,908
Debt Services:				
Principal Retirement	-	7,655,000	-	-
Interest and Fiscal Charges	-	6,989,039	-	-
Issuance Costs	-	182,246	-	-
Payment to Refunded Bond Escrow Agent	-	1,607,797	-	-
<b>Total Expenditures</b>	<u>246,659,153</u>	<u>16,587,632</u>	<u>5,592,382</u>	<u>1,386,908</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>23,130,808</b>	<b>685,230</b>	<b>(1,020,557)</b>	<b>(1,312,965)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers - In	-	500,000	-	-
Refunding Bonds Issued	-	10,000,000	-	-
Discount on Refunding Bonds Issued	-	(165,540)	-	-
Transfers - Out	(839,141)	-	-	-
Payment to Refunded Bond Escrow Agent	-	(9,651,984)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(839,141)</u>	<u>682,476</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<b>22,291,667</b>	<b>1,367,706</b>	<b>(1,020,557)</b>	<b>(1,312,965)</b>
<b>Fund Balances at Beginning of Fiscal Year</b>	<u>185,100,120</u>	<u>17,777,247</u>	<u>5,175,718</u>	<u>6,909,077</u>
<b>Fund Balances at End of Fiscal Year</b>	<u>\$ 207,391,787</u>	<u>\$ 19,144,953</u>	<u>\$ 4,155,161</u>	<u>\$ 5,596,112</u>

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

<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 461,791	\$ 126,367,982
-	15,562	4,148,739
17,664	51,994	2,460,301
-	4,004,210	7,273,492
-	-	2,501,618
-	<u>25,404,883</u>	<u>178,912,563</u>
<u>17,664</u>	<u>29,938,440</u>	<u>321,664,695</u>
-	115,275	117,346,225
-	7,635,010	50,905,365
-	516,742	6,302,211
-	188,809	2,573,152
-	1,287,863	13,443,488
-	3,824,324	8,651,882
-	-	42,885
-	382,109	18,951,990
-	443,793	3,343,124
-	-	1,141,852
-	317,001	18,584,262
-	-	15,823,408
-	54,000	4,901,094
-	10,929,318	10,929,318
-	1,498,915	1,654,933
-	-	353,053
-	1,096,921	4,523,813
379,431	-	2,989,449
-	-	7,655,000
-	-	6,989,039
-	-	182,246
-	-	<u>1,607,797</u>
<u>379,431</u>	<u>28,290,080</u>	<u>298,895,586</u>
(361,767)	1,648,360	22,769,109
-	339,141	839,141
-	-	10,000,000
-	-	(165,540)
-	-	(839,141)
-	-	<u>(9,651,984)</u>
-	<u>339,141</u>	<u>182,476</u>
(361,767)	1,987,501	22,951,585
<u>1,800,509</u>	<u>8,607,580</u>	<u>225,370,251</u>
<u>\$ 1,438,742</u>	<u>\$ 10,595,081</u>	<u>\$ 248,321,836</u>

South-Western City School District  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2018

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Net Change in Fund Balances - Total Governmental Funds \$22,951,585

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	1,708,943	
Construction in progress additions	2,370,684	
Depreciation expense	<u>(13,526,147)</u>	
Excess of depreciation over capital outlay		(9,446,520)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.

Loss on sale of capital assets	<u>(5,251)</u>	
Total		(5,251)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

Delinquent property taxes	969,840	
Intergovernmental	621,846	
Payment in Lieu of Taxes	<u>220,968</u>	
Total		1,812,654

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	21,936,673	
OPEB	<u>733,752</u>	
Total		22,670,425

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.

Pension	96,836,011	
OPEB	<u>11,060,488</u>	
Total		107,896,499

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.

Proceeds of general obligation refunding bonds	(10,000,000)	
Discount on general obligation refunding bonds	<u>165,540</u>	
Total		(9,834,460)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

General obligation bonds principal payments	7,655,000	
Payment to refunded bond escrow agent	<u>11,259,781</u>	
Total		18,914,781

(continued)

South-Western City School District  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2018  
 (continued)

<hr/> Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities		
	Decrease in accrued interest	\$ 64,944
	Amortization of premium/discount on bonds	954,390
	Amortization of gain on refunding	<u>1,219</u>
Total		1,020,553
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
	Increase in compensated absences payable	(817,880)
Internal service funds used by management to charge the costs of insurance and workers' compensation to individuals funds are not reported in the entity-wide Statement of Activities. The net income of the internal service funds is reported with governmental activities.		
		<u>300,643</u>
Change in Net Position of Governmental Activities		<u><u>\$155,463,029</u></u>

See accompanying notes to the basic financial statements

South-Western City School District  
Statement of Net Position  
Internal Service Fund  
June 30, 2018

Current Assets:

Equity in Pooled Cash and Cash	
Equivalents	\$ 12,148,615
Total Current Assets	<u>12,148,615</u>

Current Liabilities:

Accounts Payable	207,933
Claims Payable	<u>2,963,000</u>
Total Current Liabilities	<u>3,170,933</u>

Net Position

Unrestricted	<u>8,977,682</u>
Total Net Position	<u>\$ 8,977,682</u>

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

South-Western City School District  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2018

Operating Revenues:	
Charges for Services	\$ 35,383,403
Total Operating Revenues	<u>35,383,403</u>
Operating Expenses:	
Salaries and Wages	893,455
Fringe Benefits	12,803
Claims	31,470,946
Purchased Services	<u>2,705,556</u>
Total Operating Expenses	<u>35,082,760</u>
Operating Income	300,643
Net Position Beginning of Fiscal Year	<u>8,677,039</u>
Net Position End of Fiscal Year	<u><u>\$ 8,977,682</u></u>

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

South-Western City School District  
Statement of Cash Flows  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2018

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 35,383,403
Cash Payments for Claims	(31,866,946)
Cash Payments for Salaries and Fringe Benefits	(906,258)
Cash Payments to Suppliers for Goods and Services	<u>(2,680,375)</u>
Net Cash Used in Operating Activities	<u>(70,176)</u>
Net Decrease in Cash and Cash Equivalents	(70,176)
Cash and Cash Equivalents Beginning of Fiscal Year	<u>12,218,791</u>
Cash and Cash Equivalents End of Fiscal Year	<u><u>\$ 12,148,615</u></u>

Reconciliation of Operating Income to Net Cash

<u>Used in Operating Activities:</u>	
Operating Income	\$ 300,643
Adjustments to Reconcile Operating Income to Net	
Cash Used in Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Payable	25,181
Decrease in Claims Payable	<u>(396,000)</u>
Net Cash Used in Operating Activities	<u><u>\$ (70,176)</u></u>

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



South-Western City School District  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2018

Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 336,912
Total Assets	<u>\$ 336,912</u>

Liabilities:

Accounts Payable	\$ 6,496
Undistributed Money	<u>330,416</u>
Total Liabilities	<u>\$ 336,912</u>

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

The South-Western City School District (the “District”) operates under a locally elected five-member board and provides educational services as authorized by its charter or further mandated by state/or federal agencies. The Board controls the District’s thirty-six instructional/support facilities staffed by 940 non-certificated employees, 1,570 certificated full time teaching personnel and 99 administrative employees to provide approximately 22,082 students and other community members these educational related services.

The District was established in 1959 through the consolidation of existing land areas and school districts and is organized under Sections 2 and 3, Article VI of the constitution of the State of Ohio. Under the law, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District serves an area of approximately one hundred nineteen (119) square miles. It encompasses most of the southwestern quadrant of Franklin County, including a substantial portion of the southwestern quadrant of the City of Columbus, Ohio, the state capital, and five other cities and townships. In addition, a very small portion of Pickaway County is included within the District boundaries.

The District is the fifth largest in the state of Ohio (among 612 school districts) in terms of enrollment and the second largest (behind the Columbus City School District) in Franklin County. During fiscal year 2018 the District operated 15 elementary schools, five intermediate schools, five middle schools, four comprehensive high schools and one career academy high school.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, head start, student guidance, extracurricular activities and care and upkeep of grounds and buildings of the District.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation**

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

**Government - Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. Internal Service Fund operating activity is eliminated to avoid doubling-up of revenues and expenses. The statements distinguish between governmental and business-type activities of the District. The District has no business-type activities.

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

**Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated and presented in one column. The Internal Service fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, deferred inflows of resources and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. Below is a description of the major funds presented in the financial statements:

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Fund Accounting (continued)**

**Major Governmental Funds**

General Fund - The General Fund is the general operating fund of the District and is used to account for and report all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for and report the accumulation of resources restricted for, and the payment of, general long-term debt principal, interest and related costs.

Capital Improvements Fund - The Capital Improvements Fund is used to account for and report financial resources restricted to be used for the acquisition or construction of major capital facilities (other than those financed by bond proceeds, proprietary funds and trust funds).

Building Fund – The Building fund is used to account for restricted Locally Funded Initiatives (LFI) as they relate to the Ohio Facility Construction Commission projects.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for and report grants and debt restricted for Ohio Facility Construction Commission projects.

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

**Proprietary Fund**

The proprietary fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds.

Internal Service Fund – The Health Self Insurance Internal Service fund is used to account for and report dental, vision and health insurance claims.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and/or other funds. This includes agency funds. Agency funds are purely custodial and thus do not involve measurement of results of operation.

Agency Funds – Agency Funds are used to account for and report student activities and district competitions and tournaments.

**C. Measurement Focus**

**Government-wide Financial Statements**

The government-wide financial statement is prepared using the economic resources measurement focus. All assets, deferred outflows of resources, all liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (eg. revenues) and decreases (eg. expenses) in total net position.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus (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, deferred outflows of resources, liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**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. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and agency funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, deferred outflows of resources and the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after fiscal year end.

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues – Exchange and Non-exchange Transactions (continued)

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The District has deferred outflows of resources on the government-wide statement of net position for pension and OPEB which is explained in Note 11 and 12.

In addition to liabilities, the statement of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District these amounts consist of property taxes, pension, OPEB plans, unavailable revenue and differences between the requisition price and the net carrying amount of the district refunded debt. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenues are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, intergovernmental grants and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 36. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Health Self Insurance Fund are charges to the District and employees for insurance premiums. Operating expenses for the Internal Service Fund include payments of claims and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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, are not recognized in governmental funds.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Budgetary Data**

The District is required by state statute to adopt an annual appropriation cash basis budget for all funds, except agency funds. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution. The timeline is explained below.

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose for this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the board-adopted budget is filed with the Franklin County Budget Commission for tax rate determination.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year as reported by the District Treasurer. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2018, respectively.

By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparisons at the fund, function and object level.

Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the fiscal year within the amount of their legally authorized cash basis appropriation.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the fiscal year by supplemental appropriations which either reallocated, increased or decreased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2018.

Unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated. Cash disbursements may not legally exceed budgeted appropriations at the fund level.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash and Cash Equivalents/Investments**

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund's interest in the pooled bank account is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2018, the District invested in a variety of instruments as allowed in the Ohio Revised Code. Except for investment contracts that had a remaining maturity of three years or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (Star Ohio) during fiscal year 2018. 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 (GASB) Statement No.79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for this purpose.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$2,287,173, which includes \$392,968 assigned from other District Funds.

The District utilizes a financial institution to service bonded debt as principal and interest payments come due.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. During the fiscal year, all investments in the cash management pool had a maturity of thirty months or less.

**G. Inventory**

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

**H. Capital Assets and Depreciation**

Capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 and a useful life of at least 5 years. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.



*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Capital Assets and Depreciation (continued)**

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

Improvements to Land	10 to 20 years
Buildings	5 to 45 years
Furniture and Equipment	5 to 20 years
Vehicles	8 to 10 years
Buses	13 years

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The District records a liability for accumulated unused sick leave for all employees after fifteen years of service. A bonus payment is available to employees who retire at their first retirement eligibility date, which is based on the number of years experience they have earned. A liability is recorded for those employees that have declared their retirement date as of June 30, 2018.

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2018, and reduced to the maximum payment allowed by labor contracts and/or statute, plus any additional salary related payments.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees will be paid.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgements, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Interfund Activity**

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

Internal allocations of overhead expenses from one function to another within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of Activities. 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.

**L. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable” Interfund balances are eliminated in the Statement of Net Position.

**M. Fund Balance**

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

**Nonspendable**

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

**Restricted**

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

**Committed**

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those 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 fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Education. The Treasurer has been given authority to assign amounts for these purposes by the District Board of Education.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Fund Balance (continued)**

**Unassigned**

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

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

The District does not have a formal minimum fund balance policy.

**N. Net Position**

Net position represents the difference between assets and liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Any unspent borrowings used for the acquisition, construction or improvement of those assets do not reduce net investment in capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include activities for other grants and vocational rotary programs restricted to cash disbursements for specified purposes.

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

**O. Parochial Schools**

Within the District boundaries are various parochial schools operated through the Catholic Diocese and local churches. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund (a nonmajor governmental fund) for financial reporting purposes.

**P. Estimates**

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. Bond Premiums, Bond Discounts and Gains on Refunding and Issuance Costs**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are expensed when incurred in the government-wide financial statements.

Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, governmental fund types recognize bond premiums and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

**R. Pensions/Other Postemployment Benefits (OPEB)**

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

**NOTE 3 – ACCOUNTABILITY AND COMPLIANCE**

Fund balances at June 30, 2018 included the following individual fund deficit:

<u>Funds</u>	<u>Deficit</u>
All Federal Grants	\$246,069

The General Fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

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

For fiscal year 2018, the District also implemented the Governmental Accounting Standards Boards (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and applications, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017.

Net Position June 30, 2017	\$ 52,610,935
Adjustment:	
Net OPEB Liability	(85,154,767)
Deferred Outflow - Payments Subsequent to Measurement Date	502,556
Restated Net Position June 30, 2017	\$ (32,041,276)

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 5 – CASH AND CASH EQUIVALENTS/INVESTMENTS**

Deposits

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

As of June 30, 2018 the District had the following investments:

Investment Type	S&P/ Moody's Rating	Measurement Amount	Investment Maturities		Percentage of Total Investment
			Less than 1 year	1-2 years	
Net Asset Value Per Share:					
StarOhio	AAAm	\$ 91,432,948	\$ 91,432,948	\$ -	43.27%
Fair Value: (Level 2 Inputs)					
FNMA	Aaa	30,201,918	11,176,154	19,025,764	14.29%
FFCB	Aaa	28,389,703	7,959,240	20,430,463	13.43%
FHLMC	Aaa	30,587,789	14,102,073	16,485,716	14.47%
FHLB	Aaa	30,716,405	17,434,360	13,282,045	14.53%
		<u>\$ 211,328,763</u>	<u>\$ 142,104,775</u>	<u>\$ 69,223,988</u>	<u>100%</u>

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 District’s recurring fair value measurements as of June 30, 2018. The District’s remaining investments measured at fair value are valued using methodologies 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 date. (Level 2 inputs.)

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District’s investment policy limits investment portfolio maturities to five years or less. The District does not have a formal policy regarding interest rate risk.

**Credit Risk:** Credit risk is the risk that an issue or other counterparty to an investment will not fulfill its obligations. The District’s policy places limitations on the types of investments the District may invest in. The District’s policy authorizes investment in allowable securities as outlined by Ohio Revised Code Section 135. The Standard and Poor’s or Moody’s rating of the District’s investments is listed in the table above. STAR Ohio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAR Ohio maintain the highest rating provided by at least on nationally recognized standard rating service. The fair value of the District’s position in the pool is the same as the value of the pool shares.

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage of each investment type held by the District at June 30, 2018.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 5 – CASH AND CASH EQUIVALENTS/INVESTMENTS (continued)**

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

The District has adopted a formal investment policy. There are two investment objectives: safety of principal and compliance with all federal and state laws.

**NOTE 6 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the 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 law at thirty-five 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 2017 became a lien on December 31, 2016, were levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility real property is assessed at twenty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Franklin County. The County Auditor periodically advances to the District its portion of the taxes collected. Second half real property tax payments collected by the County by June 30, 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 includes personal property and public utility taxes, which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations.

On a full accrual basis, collectible delinquent property taxes and the amount available as an advance have been recorded as a receivable and revenue while the rest of the receivable is recorded as a deferred inflow of resources. On a modified accrual basis, only the amount available as an advance is recognized as revenue.

**South-Western City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 6 – PROPERTY TAXES (continued)**

The amount available as an advance at June 30 was \$42,135,205 in the General Fund, \$5,909,249 in the Debt Service Fund and \$1,831,444 in the Capital Improvements Fund, which is recognized as revenue. The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collection		2018 First Half Collection	
	Amount	Percent	Amount	Percent
	Agricultural/Residential and Other Real Estate	\$ 2,340,809,230	95.37%	\$ 2,624,071,540
Public Utility Real and Personal	113,591,020	4.63%	118,063,690	4.65%
Total Assessed Value	\$ 2,454,400,250	100.00%	\$ 2,742,135,230	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$	73.15	\$	73.15

**NOTE 7 – PAYMENTS IN LIEU OF TAXES**

The District is part to Tax Increment Financing (TIF) agreements. Municipalities, townships and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to the district and other governments to help offset the property tax these governments would have received had the improvements to real property not been exempted. The service payments that the District receives as part of the TIF agreements are presented on the financial statements as Payment in Lieu of Taxes.

**NOTE 8 – TAX ABATEMENTS**

For fiscal year 2018, District property taxes were reduced as follows under multiple Community Reinvestment Area and Enterprise Zone Tax Exemption agreements entered into by overlapping governments:

<u>Overlapping Government</u>	<u>Amount of Taxes Abated</u> <u>Fiscal Year 2018</u>
Community Reinvestment Areas:	
City of Grove City	\$2,357,896
Village of Urbancrest	\$1,177,009
Enterprise Zone:	
City of Columbus	\$535,590

The Community Reinvestment Area abatements will last between 10 to 15 years with a 50-100 percent abatement of property taxes depending on the agreement. All Enterprise Zone abatements will last for 10 years with a 75-100 percent abatement of property taxes depending on the agreement.



*South-Western City School District, Ohio  
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**NOTE 8 – TAX ABATEMENTS (continued)**

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Grove City, City of Columbus, Village of Urbancrest and the South-Western City School District, created various Community Reinvestment Area (CRA) Compensation Agreements. These agreements include various reimbursement percentages (30 percent, 15 percent, and 10 percent), and require municipal income tax revenue sharing with the District when new income tax collections exceed \$1 million dollars and the corresponding CRA abatement percentage on the project is greater than 50 percent. The following are the required amounts of income tax dollars received by the District in fiscal year 2018.

<u>Overlapping Government</u>	<u>Income Tax Dollars Received Fiscal Year 2018</u>
Community Reinvestment Areas:	
Village of Urbancrest	\$266,606
Enterprise Zone:	
City of Columbus	\$51,870

**NOTE 9 – RECEIVABLES**

Receivables at June 30, 2018 consisted of taxes, payment in lieu of taxes, accounts (rent and student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full in one year with the exception of the Ohio Facilities Construction Commission grant (OFCC) and property taxes. The OFCC Grant awarded in August 2012 for \$124,047,645 and amended to \$123,837,296 is being collected over the life of the construction of new facilities. The district has one final payment. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A summary of receivables reported on the statement of net position follows:

Governmental Activities:	
Property Taxes	\$ 125,201,238
Payment in Lieu of Taxes	2,093,645
Accounts	237,534
Interest	427,043
Intergovernmental	7,744,988
Total	<u>\$ 135,704,448</u>

**South-Western City School District, Ohio**  
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**NOTE 10 – CAPITAL ASSETS**

A summary of capital asset activity during the fiscal year follows:

	Balance			Balance
	<u>6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2018</u>
<b>Governmental Activities</b>				
Non-Depreciable:				
Land	\$ 8,678,711	\$ -	\$ -	\$ 8,678,711
Construction in Progress	259,496	2,370,684	(1,147,421)	1,482,759
Total Non-Depreciable	<u>8,938,207</u>	<u>2,370,684</u>	<u>(1,147,421)</u>	<u>10,161,470</u>
Depreciable:				
Improvements to Land	36,516,873	527,071	(100,067)	36,943,877
Buildings	406,029,730	578,176	(187,765)	406,420,141
Furniture and Equipment	10,944,478	679,872	(142,551)	11,481,799
Vehicles	1,799,734	229,425	(104,681)	1,924,478
Buses	<u>15,400,243</u>	<u>841,820</u>	<u>(124,358)</u>	<u>16,117,705</u>
Total Depreciable	<u>470,691,058</u>	<u>2,856,364</u>	<u>(659,422)</u>	<u>472,888,000</u>
Accumulated Depreciation:				
Improvements to Land	(5,354,391)	(1,845,934)	100,067	(7,100,258)
Buildings	(110,332,526)	(10,241,246)	187,765	(120,386,007)
Furniture and Equipment	(6,834,980)	(557,232)	137,300	(7,254,912)
Vehicles	(1,328,658)	(115,877)	104,681	(1,339,854)
Buses	<u>(9,897,239)</u>	<u>(765,858)</u>	<u>124,358</u>	<u>(10,538,739)</u>
Total Accumulated Depreciation	<u>(133,747,794)</u>	<u>(13,526,147)</u>	<u>654,171</u>	<u>(146,619,770)</u>
Net Depreciable Capital Assets	<u>336,943,264</u>	<u>(10,669,783)</u>	<u>(5,251)</u>	<u>326,268,230</u>
Net Governmental Activities Capital Assets	<u>\$ 345,881,471</u>	<u>\$ (8,299,099)</u>	<u>\$ (1,152,672)</u>	<u>\$ 336,429,700</u>

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 10,231,539
Special	37,304
Vocational	544,033
Other	3,607
Support Services:	
Pupil Services	229
Instructional Staff	2,249
Administration	224,681
Business	1,693
Operations and Maintenance	195,188
Transportation	821,183
Central	769,159
Food Service	172,451
Community Services	146,062
Extracurricular	<u>376,769</u>
Total Depreciation Expense	<u>\$ 13,526,147</u>

*South-Western City School District, Ohio  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

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

The net pension/OPEB liability represents the 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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for the OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/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 healthcare 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 contribution outstanding at the end of the fiscal year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for required OPEB disclosures.

**Plan Description – School Employees Retirement System (SERS)**

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

*South-Western City School District, Ohio  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 District’s contractually required contribution to SERS was \$4,723,792 for fiscal year 2018. Of this amount \$422,491 is reported as accrued wages and benefits.

**Plan Description – State Teachers Retirement System (STRS)**

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

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 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 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions 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 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The South-Western City School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$17,212,881 for fiscal year 2018. Of this amount \$2,555,214 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

*South-Western City School District, Ohio  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 60,205,769	\$ 249,604,006	\$ 309,809,775
Pension Expense	(\$ 2,778,828)	(\$ 94,057,183)	(\$ 96,836,011)
Proportionate Share of the Net Pension Liability			
Prior Measurement Date	1.0436354%	1.03569670%	
Proportionate Share of the Net Pension Liability			
Current Measurement Date	<u>1.0076652%</u>	<u>1.05073355%</u>	
Change in Proportionate Share	<u><u>-0.0359702%</u></u>	<u><u>0.01503685%</u></u>	

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 2,591,047	\$ 9,638,536	\$ 12,229,583
Changes of assumptions	3,113,286	54,591,139	57,704,425
Change in proportionate share and difference between District contributions and proportionate share of contributions	627,621	9,175,290	9,802,911
District contributions subsequent to the measurement date	<u>4,723,792</u>	<u>17,212,881</u>	<u>21,936,673</u>
Total Deferred Outflows of Resources	<u><u>\$ 11,055,746</u></u>	<u><u>\$ 90,617,846</u></u>	<u><u>\$ 101,673,592</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 2,011,711	\$ 2,011,711
Net difference between projected and actual earnings on pension plan investments	285,784	8,237,224	8,523,008
Change in proportionate share and difference between District contributions and proportionate share of contributions	<u>1,960,504</u>	<u>730,155</u>	<u>2,690,659</u>
Total Deferred Inflows of Resources	<u><u>\$ 2,246,288</u></u>	<u><u>\$ 10,979,090</u></u>	<u><u>\$ 13,225,378</u></u>

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

\$21,936,673 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30			
2019	\$ 1,818,328	\$ 13,553,726	\$ 15,372,054
2020	3,216,467	25,489,343	28,705,810
2021	454,392	18,125,085	18,579,477
2022	<u>(1,403,521)</u>	<u>5,257,721</u>	<u>3,854,200</u>
Total	<u>\$ 4,085,666</u>	<u>\$ 62,425,875</u>	<u>\$ 66,511,541</u>

***Actuarial Assumptions - SERS***

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

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

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

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

	<u>June 30,2017</u>
Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA and Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

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

The most recent experience study was completed 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.

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

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



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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of Net Pension Liability	\$ 83,549,962	\$ 60,205,769	\$ 40,650,247

***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:

	June 30, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 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)	0.0 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, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For 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 are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

*South-Western City School District, Ohio  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)**

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
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	<u>1.00</u>	2.25
Total	<u>100.00%</u>	

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the 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 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 <u>(6.45%)</u>	Current Discount Rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
District's proportionate share of Net Pension Liability	\$ 357,798,850	\$ 249,604,006	\$ 158,466,069

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**NOTE 12 – DEFINED BENEFIT OPEB PLANS**

See Note 11 for a description of the net pension liability.

**Plan Description - School Employees Retirement System**

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$558,797.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$733,752 for fiscal year 2018. Of this amount \$573,886 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System**

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

*South-Western City School District, Ohio  
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**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

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

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 District’s proportion of the net OPEB liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net			
OPEB Liability	\$ 27,158,270	\$ 40,995,745	\$ 68,154,015
OPEB Expense	1,334,317	(12,394,805)	(11,060,488)
Proportionate Share of the Net Pension Liability			
Prior Measurement Date	1.0442658%	1.03569670%	
Proportionate Share of the Net Pension Liability			
Current Measurement Date	<u>1.0119571%</u>	<u>1.05073355%</u>	
Change in Proportionate Share	<u>-0.03230870%</u>	<u>0.01503685%</u>	

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**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 2,366,525	\$ 2,366,525
Change in proportionate share and difference between District contributions and proportionate share of contributions	-	689,292	689,292
District contributions subsequent to the measurement date	<u>733,752</u>	<u>-</u>	<u>733,752</u>
Total Deferred Outflows of Resources	<u>\$ 733,752</u>	<u>\$ 3,055,817</u>	<u>\$ 3,789,569</u>
<b>Deferred Inflows of Resources</b>			
Change of assumptions	\$ 2,577,180	\$ 3,302,340	\$ 5,879,520
Net difference between projected and actual earnings on OPEB plan investments	71,718	1,752,256	1,823,974
Change in proportionate share and difference between District contributions and proportionate share of contributions	<u>790,031</u>	<u>-</u>	<u>790,031</u>
Total Deferred Inflows of Resources	<u>\$ 3,438,929</u>	<u>\$ 5,054,596</u>	<u>\$ 8,493,525</u>

\$733,752 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30			
2019	\$ (1,237,933)	\$ (479,151)	\$ (1,717,084)
2020	(1,237,933)	(479,151)	(1,717,084)
2021	(945,133)	(479,151)	(1,424,284)
2022	(17,930)	(479,161)	(497,091)
2023	-	(41,089)	(41,089)
Thereafter	<u>-</u>	<u>(41,076)</u>	<u>(41,076)</u>
Total	<u>\$ (3,438,929)</u>	<u>\$ (1,998,779)</u>	<u>\$ (5,437,708)</u>

*South-Western City School District, Ohio  
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**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

	June 30, 2017
Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent 7.50 percent net of investments
Investment Rate of Return	expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expenses, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

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**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

The SERS health care plan flows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

	1% Decrease <u>(2.63%)</u>	Current Discount Rate <u>(3.63%)</u>	1% Increase <u>(4.63%)</u>
District's proportionate share of Net OPEB Liability	\$ 32,797,069	\$ 27,158,270	\$ 22,690,901

	1% Decrease (6.5% decreasing <u>to 4.0%</u> )	Current Trend Rate (7.50% decreasing to <u>to 5.0%</u> )	1% Increase (8.50% decreasing <u>to 6.0%</u> )
District's proportionate share of Net OPEB Liability	\$ 22,036,901	\$ 27,158,270	\$ 33,936,489

***Actuarial Assumptions – STRS***

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

Inflation	2.50 percent
Projected salary increases	12.5 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent net of investments expense, including inflation
Payroll Increase	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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



*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

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

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

The STRS health care plan flows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)**

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.13%)</u>	<u>(4.13%)</u>	<u>(5.13%)</u>
District's proportionate share of Net OPEB Liability	\$ 55,036,131	\$ 40,995,745	\$ 29,899,254

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of Net OPEB Liability	\$ 28,482,087	\$ 40,995,745	\$ 57,465,185

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, workers’ compensation as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, torts, errors and omissions, workers’ compensation, health, life, dental and vision insurance claims. The District is self-insured for health, dental and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The claims liability is \$2,963,000 reported in the internal service fund at June 30, 2018 is based on actual claims paid and estimates provide by the third party administrators and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB statement No. 30. “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The District anticipates paying these claims within one year. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at July 1</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at June 30</u>
Fiscal Year 2017	\$ 3,017,000	\$ 29,807,159	\$ 29,465,159	\$ 3,359,000
Fiscal Year 2018	3,359,000	31,470,946	31,866,946	2,963,000

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 14 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave are derived from negotiated agreements and State laws. Twelve month classified employees and administrators earn ten to twenty days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave is paid at the rate of one-third the employees accumulated but unused sick leave balance up to various maximums depending upon the union contract. A bonus payment is available for employees who retire at their first eligibility date. This amount is calculated based on the actual individuals who have applied for retirement.

**NOTE 15 - LONG-TERM DEBT**

The District issues bonds, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations also include notes and compensated absences.

During fiscal year 2018, the District issued \$10,000,000 of general obligation bonds for a current refunding of general obligation bonds. The District recorded a reduction to long-term liabilities in the amount of \$165,540 to record the unamortized discount on these bonds. This refunding was undertaken to take advantage of reduced interest rates. The total debt service payments were reduced by \$4,679,775 and the net present value of this reduction resulted in an economic gain of \$1,207,064 and incurred an accounting gain of \$1,259,781.

The bond issue consisted of a serial bond and term bonds. The serial bonds were issued at a 2% interest rate. They mature on December 1, 2018. The Term bonds were issued with a 3% interest rate. The final maturity is on December 1, 2036.

Annual debt service requirements to maturity for the General Obligation Bonds and Energy Conservation Bonds are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 9,910,000	\$ 6,560,614	\$ 16,470,614
2020	8,485,000	6,210,214	14,695,214
2021	5,295,000	5,919,714	11,214,714
2022	5,530,000	5,672,689	11,202,689
2023	5,785,000	5,414,364	11,199,364
2024-2028	36,970,000	21,912,302	58,882,302
2028-2033	24,775,000	13,809,062	38,584,062
2034-2038	28,855,000	8,883,299	37,738,299
2039-2043	36,435,000	3,655,925	40,090,925
Total	<u>\$ 162,040,000</u>	<u>\$ 78,038,183</u>	<u>\$ 240,078,183</u>

The above amortization schedule (principal payments) does not include the \$12,473,862 in unamortized premium on the 2012 and 2016 bond issues. The schedule also does not include \$161,402 in unamortized discount on the 2017 bond issue.

The unexpended balance of the 2012 School Facilities Bond as of June 30, 2018 was \$6,408,954.

The District's voted legal debt margin was \$84,752,171 with an unvoted debt margin of \$2,742,135 at June 30, 2018.

General obligation bonds will be paid from the debt service fund.

**South-Western City School District, Ohio**  
**Notes to the Basic Financial Statements**  
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**NOTE 15 - LONG-TERM DEBT (continued)**

A summary of Long-Term obligation activity during the fiscal year is below:

Issue	Restated Balance at June 30, 2017	Additions	Refunded	Deductions	Balance at June 30, 2018	Due within 1 year
<b>General Obligation Bonds</b>						
<u>School Facilities 2012</u>						
Original Issue \$140,250,000						
Final Maturity 12/1/2042						
Serial Bonds 3.00%-4.5%	\$ 60,700,000	\$ -	\$ -	\$ 4,110,000	\$ 56,590,000	\$ 4,475,000
Term Bonds 3.5% - 5.0%	67,040,000	-	10,000,000	-	57,040,000	-
Serial/Term Bonds Premium	7,307,581	-	-	290,367	7,017,214	-
<u>Refunding Bonds 2016</u>						
Original Issue \$35,800,000						
Final Maturity 12/1/2017						
Serial Bonds 3.00%-5.00%	35,285,000	-	-	3,545,000	31,740,000	3,685,000
Serial Bonds Premium	6,124,809	-	-	668,161	5,456,648	-
<u>Refunding Bonds 2017</u>						
Original Issue \$10,000,000						
Final Maturity 12/2036						
Serial Bonds 2.00%	-	1,750,000	-	-	1,750,000	1,750,000
Term Bonds 3.00%	-	8,250,000	-	-	8,250,000	-
Serial/Term Bond Discount	-	(165,540)	-	(4,138)	(161,402)	-
Total General Obligation Bonds	<u>176,457,390</u>	<u>9,834,460</u>	<u>10,000,000</u>	<u>8,609,390</u>	<u>167,682,460</u>	<u>9,910,000</u>
<b>Energy Conservation Bonds</b>						
<u>Qualified School Construction</u>						
Original Issue \$6,670,000.00						
Final Maturity 12/1/2025						
Bonds 2011 Serial Bonds 5.60%	<u>6,670,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,670,000</u>	<u>-</u>
Total Energy Conservation Bonds	<u>6,670,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,670,000</u>	<u>-</u>
<b>Net Pension Liability</b>						
STRS	346,678,905	-	-	97,074,899	249,604,006	-
SERS	76,384,483	-	-	16,178,714	60,205,769	-
Total Net Pension Liability	<u>423,063,388</u>	<u>-</u>	<u>-</u>	<u>113,253,613</u>	<u>309,809,775</u>	<u>-</u>
<b>Net OPEB Liability</b>						
STRS	55,389,329	-	-	14,393,584	40,995,745	-
SERS	29,765,438	-	-	2,607,168	27,158,270	-
Total Net OPEB Liability	<u>85,154,767</u>	<u>-</u>	<u>-</u>	<u>17,000,752</u>	<u>68,154,015</u>	<u>-</u>
Compensated Absences	12,084,257	1,752,824	-	934,944	12,902,137	879,972
Total	<u>\$ 703,429,802</u>	<u>\$ 11,587,284</u>	<u>\$ 10,000,000</u>	<u>\$ 139,798,699</u>	<u>\$ 565,218,387</u>	<u>\$ 10,789,972</u>

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**NOTE 15 - LONG-TERM DEBT (continued)**

Compensated absences of \$879,972 is for vacation leave, which is estimated to be used in the next fiscal year. Compensated absences are liquidated by the General and nonmajor special revenue funds.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the following funds: General, Other Grants, District Managed Student Activities, All State Grants, Federal Grants, and Food Service. For additional information related to the net pension and OPEB liability see Notes 11 and 12.

**NOTE 16 - INTERFUND TRANSACTIONS**

Interfund Balances at June 30, 2018 consist of the following individual fund receivable and payables:

<u>Interfund Receivable/Payable</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds		
General Fund	\$ 1,483,500	\$ -
Non-Major Funds		
All State Grants	-	5,047
All Federal Grants	-	1,478,453
Total	\$ 1,483,500	\$ 1,483,500

The primary purpose of the interfund balances is to cover anticipated negative cash balances in specific funds where revenues were not received or to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; no internal balances at June 30, 2018 are reported on the statement of net position.

Interfund transfers for the fiscal year ended June 30, 2018 consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfer from General Fund to Debt Service Fund	\$ 500,000
Transfer from General Fund to Nonmajor Governmental Funds	339,141
	\$ 839,141

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**South-Western City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 17 – FUND BALANCE**

Fund balances are nonspendable, restricted, committed, unassigned, or assigned for the following purposes:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance:							
Nonspendable							
Inventory	\$ 346,530	\$ -	\$ -	\$ -	\$ -	\$ 87,134	\$ 433,664
Total Nonspendable	346,530	-	-	-	-	87,134	433,664
Restricted for:							
Debt Service	-	19,144,953	-	-	-	-	19,144,953
Capital Projects	-	-	4,155,161	5,596,112	1,438,742	-	11,190,015
Regular Instruction	-	-	-	-	-	820,693	820,693
Special Education	-	-	-	-	-	303,742	303,742
Vocational Education	-	-	-	-	-	71,343	71,343
Adult Basic Education	-	-	-	-	-	33,434	33,434
Extracurricular Activities	-	-	-	-	-	1,019,650	1,019,650
Maintenance of Buildings	-	-	-	-	-	4,098,474	4,098,474
Food Service	-	-	-	-	-	4,772,462	4,772,462
Total Restricted	-	19,144,953	4,155,161	5,596,112	1,438,742	11,119,798	41,454,766
Committed							
Public School Support	1,352,169	-	-	-	-	-	1,352,169
Total Committed	1,352,169	-	-	-	-	-	1,352,169
Assigned:							-
Unpaid Obligations	2,493,061	-	-	-	-	-	2,493,061
Total Assigned	2,493,061	-	-	-	-	-	2,493,061
Unassigned	203,200,027	-	-	-	-	(611,851)	202,588,176
Total Fund Balance	\$ 207,391,787	\$ 19,144,953	\$ 4,155,161	\$ 5,596,112	\$ 1,438,742	\$ 10,595,081	\$ 248,321,836

**NOTE 18 – CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

There are currently several matters in litigation with the District as defendant. Based upon the facts and circumstances, as they currently exist, management believes that the remaining cases will have no material effect on the financial statements of the District.

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 18 – CONTINGENCIES (continued)**

**C. Full Time Equivalency**

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 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**NOTE 19 - SIGNIFICANT CONTRACTUAL OBLIGATIONS**

The District had significant contractual obligations as of June 30, 2018 which are listed below:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Summit Construction	Bolton Crossing Addition	\$ 4,808,191
Schorr Architects	Bolton Crossing Addition	75,088
Garland	Roof Replacement at Central Crossing High School	149,845
Cardinal Bus Sales and Service	Bus	86,637
CDW-Government Inc	Technology	447,935
Summit Construction	Renovations at South-Western Career Academy	159,000

**NOTE 20 - SUBSTITUTE HOUSE BILL 412**

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

The District had qualifying disbursements that reduced the capital improvements set aside amount below zero. This excess may not be carried forward to offset future fiscal year set aside requirements. Disclosure of this information is required by State Statute.

	<u>Capital Acquisition</u>
Set aside Cash Balance as of June 30, 2017	\$ -
Current Year Set-aside Requirement	3,854,398
Qualifying Offset - Capital Improvements Fund	(3,989,328)
Qualifying Offset - Classroom Facilities Maintenance Fund	(683,079)
Qualifying Disbursements	<u>(2,603,969)</u>
Total	<u>\$ (3,421,978)</u>

*South-Western City School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

**NOTE 21 – JOINTLY GOVERNED ORGANIZATION**

Metropolitan Educational Technology Association (META)

The District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative and other individual services based on each clients’ needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META’s Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each District’s degree of control is limited to its representation on the Board. Financial information can be obtained from META Solutions, Treasurer, 100 Executive Drive, Marion, Ohio 43302.

**NOTE 22 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year- end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the District’s commitments for encumbrances (cash basis) in the governmental funds were as follows:

<u>Fund</u>	<u>Fiscal Year - End Encumbrances</u>
General Fund	\$ 3,978,939
Capital Improvement Fund	8,189,557
Other Governmental Funds	<u>837,827</u>
Total	<u>\$ 13,006,323</u>

**NOTE 23 – SUBSEQUENT EVENT**

On November 6, 2018 the District passed a 1.86 mill, \$93,400,000 bond issue that will provide the required fifty percent matching funds for the second segment of the Classroom Facilities Assistance Program administered by the Ohio Facilities Construction Commission Classroom. The second segment will replace four existing middle schools and allow for an addition at the District’s fifth middle school. The bond issue also includes locally funded initiatives including, but not limited to, the renovation of an existing elementary building and roofing and paving projects. The District intends to secure funding and commence planning for these projects in the Spring of 2019.



## **REQUIRED SUPPLEMENTAL INFORMATION**

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
<b>Local:</b>				
Taxes	\$ 100,322,890	\$ 104,574,340	\$ 104,623,361	\$ 49,021
Tuition	1,205,876	3,294,247	3,797,540	503,293
Interest	1,000,000	2,587,900	2,611,355	23,455
Other Local Revenue	3,354,400	4,463,560	4,265,912	(197,648)
Intergovernmental	<u>144,930,750</u>	<u>150,696,620</u>	<u>150,787,966</u>	<u>91,346</u>
<b>Total Revenues</b>	<u>250,813,916</u>	<u>265,616,667</u>	<u>266,086,134</u>	<u>469,467</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
<b>Regular</b>				
Salaries and Wages	75,369,290	72,703,035	72,407,877	295,158
Fringe Benefits	25,347,200	24,144,706	23,723,595	421,111
Purchased Services	16,780,660	15,414,462	15,389,871	24,591
Supplies and Materials	1,743,306	2,635,040	2,480,029	155,011
Miscellaneous	611	11	-	11
Capital Outlay	<u>21,645</u>	<u>30,055</u>	<u>30,029</u>	<u>26</u>
<b>Total Regular</b>	<u>119,262,712</u>	<u>114,927,309</u>	<u>114,031,401</u>	<u>895,908</u>
<b>Special</b>				
Salaries and Wages	22,997,970	22,358,769	22,207,025	151,744
Fringe Benefits	8,256,080	8,346,708	7,806,848	539,860
Purchased Services	10,265,495	13,710,073	13,671,934	38,139
Supplies and Materials	201,352	172,129	155,754	16,375
Capital Outlay	<u>6,223</u>	<u>6,223</u>	<u>102</u>	<u>6,121</u>
<b>Total Special</b>	<u>41,727,120</u>	<u>44,593,902</u>	<u>43,841,663</u>	<u>752,239</u>
<b>Vocational</b>				
Salaries and Wages	3,361,200	3,398,653	3,347,570	51,083
Fringe Benefits	1,201,530	1,133,412	1,080,693	52,719
Purchased Services	263,911	524,765	520,281	4,484
Supplies and Materials	1,289,533	695,659	619,909	75,750
Miscellaneous	1,050	1,050	255	795
Capital Outlay	<u>133,497</u>	<u>542,774</u>	<u>542,774</u>	<u>-</u>
<b>Total Vocational</b>	<u>6,250,721</u>	<u>6,296,313</u>	<u>6,111,482</u>	<u>184,831</u>
<b>Other</b>				
Salaries and Wages	893,270	1,678,646	1,667,927	10,719
Fringe Benefits	307,090	549,668	544,394	5,274
Purchased Services	2,000	260	260	-
Supplies and Materials	<u>15,958</u>	<u>19,071</u>	<u>14,369</u>	<u>4,702</u>
<b>Total Other</b>	<u>1,218,318</u>	<u>2,247,645</u>	<u>2,226,950</u>	<u>20,695</u>
<b>Total Instruction</b>	<u>168,458,871</u>	<u>168,065,169</u>	<u>166,211,496</u>	<u>1,853,673</u>
<b>Support Services:</b>				
<b>Pupil</b>				
Salaries and Wages	7,533,450	7,997,045	7,898,457	98,588
Fringe Benefits	2,313,310	2,466,351	2,381,693	84,658
Purchased Services	2,448,950	1,841,990	1,817,514	24,476
Supplies and Materials	171,665	174,960	160,404	14,556
Capital Outlay	<u>15,000</u>	<u>15,693</u>	<u>4,606</u>	<u>11,087</u>
<b>Total Pupil</b>	<u>12,482,375</u>	<u>12,496,039</u>	<u>12,262,674</u>	<u>233,365</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Instructional Staff</b>				
Salaries and Wages	\$ 2,629,320	\$ 3,157,364	\$ 2,824,808	\$ 332,556
Fringe Benefits	1,136,087	1,288,262	1,102,964	185,298
Purchased Services	381,122	488,954	347,572	141,382
Supplies and Materials	705,686	771,188	594,308	176,880
Miscellaneous	19,911	34,561	22,584	11,977
Capital Outlay	27,428	34,196	3,964	30,232
<b>Total Instructional Staff</b>	<u>4,899,554</u>	<u>5,774,525</u>	<u>4,896,200</u>	<u>878,325</u>
<b>Board of Education</b>				
Salaries and Wages	17,000	17,000	16,415	585
Fringe Benefits	2,680	2,737	2,679	58
Purchased Services	8,200	8,200	5,445	2,755
Supplies and Materials	800	800	45	755
Miscellaneous	26,000	26,000	18,301	7,699
<b>Total Board of Education</b>	<u>54,680</u>	<u>54,737</u>	<u>42,885</u>	<u>11,852</u>
<b>Administration</b>				
Salaries and Wages	11,602,920	11,950,324	11,704,740	245,584
Fringe Benefits	5,319,610	5,322,717	4,917,806	404,911
Purchased Services	1,118,773	910,302	866,386	43,916
Supplies and Materials	121,932	111,507	87,872	23,635
Miscellaneous	1,048,413	1,099,551	1,079,030	20,521
Capital Outlay	5,451	18,813	15,562	3,251
<b>Total Administration</b>	<u>19,217,099</u>	<u>19,413,214</u>	<u>18,671,396</u>	<u>741,818</u>
<b>Fiscal</b>				
Salaries and Wages	881,150	875,392	859,185	16,207
Fringe Benefits	470,154	473,411	432,210	41,201
Purchased Services	279,686	250,624	245,292	5,332
Supplies and Materials	7,200	7,200	5,035	2,165
Miscellaneous	1,841,597	1,679,529	1,676,812	2,717
<b>Total Fiscal</b>	<u>3,479,787</u>	<u>3,286,156</u>	<u>3,218,534</u>	<u>67,622</u>
<b>Business</b>				
Salaries and Wages	182,640	182,640	173,795	8,845
Fringe Benefits	75,680	94,982	78,332	16,650
Purchased Services	717,838	742,107	710,795	31,312
Supplies and Materials	58,906	62,374	43,023	19,351
Miscellaneous	88,700	89,035	88,214	821
Capital Outlay	5,000	2,495	2,495	-
<b>Total Business</b>	<u>1,128,764</u>	<u>1,173,633</u>	<u>1,096,654</u>	<u>76,979</u>
<b>Operations and Maintenance</b>				
Salaries and Wages	8,199,850	8,076,439	7,976,478	99,961
Fringe Benefits	3,701,100	3,513,344	3,259,951	253,393
Purchased Services	6,275,062	6,156,938	5,889,939	266,999
Supplies and Materials	1,303,766	1,461,844	1,437,061	24,783
Miscellaneous	2,100	4,000	1,531	2,469
Capital Outlay	32,000	86,617	86,617	-
<b>Total Operations and Maintenance</b>	<u>19,513,878</u>	<u>19,299,182</u>	<u>18,651,577</u>	<u>647,605</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Pupil Transportation				
Salaries and Wages	\$ 8,252,210	\$ 8,019,420	\$ 8,011,129	\$ 8,291
Fringe Benefits	4,039,400	3,454,206	3,393,038	61,168
Purchased Services	1,256,040	1,797,068	1,781,101	15,967
Supplies and Materials	1,965,905	1,688,050	1,684,542	3,508
Miscellaneous	11,000	11,000	-	11,000
Capital Outlay	67,863	32,913	29,068	3,845
Total Pupil Transportation	<u>15,592,418</u>	<u>15,002,657</u>	<u>14,898,878</u>	<u>103,779</u>
Central				
Salaries and Wages	1,618,450	1,672,641	1,657,175	15,466
Fringe Benefits	762,770	731,141	704,833	26,308
Purchased Services	3,479,751	3,838,250	3,127,600	710,650
Supplies and Materials	30,426	108,744	103,806	4,938
Miscellaneous	4,268	6,443	5,561	882
Capital Outlay	5,950	113,210	108,200	5,010
Total Central	<u>5,901,615</u>	<u>6,470,429</u>	<u>5,707,175</u>	<u>763,254</u>
Total Support Services	<u>82,270,170</u>	<u>82,970,572</u>	<u>79,445,973</u>	<u>3,524,599</u>
Community Services				
Salaries and Wages	144,170	175,248	163,431	11,817
Fringe Benefits	24,440	29,732	27,615	2,117
Purchased Services	200	650	450	200
Supplies and Materials	5,524	3,848	1,550	2,298
Capital Outlay	600	1,826	1,826	-
Total Community Services	<u>174,934</u>	<u>211,304</u>	<u>194,872</u>	<u>16,432</u>
Shared Services				
Salaries and Wages	270,480	270,515	261,725	8,790
Fringe Benefits	96,630	96,656	89,743	6,913
Total Shared Services	<u>367,110</u>	<u>367,171</u>	<u>351,468</u>	<u>15,703</u>
Extracurricular Activities				
Salaries and Wages	2,076,230	2,347,338	2,067,415	279,923
Fringe Benefits	360,510	448,415	401,412	47,003
Purchased Services	606,300	676,108	665,552	10,556
Supplies and Materials	47,317	72,443	72,399	44
Capital Outlay	-	17,258	17,258	-
Total Extracurricular Activities	<u>3,090,357</u>	<u>3,561,562</u>	<u>3,224,036</u>	<u>337,526</u>
Total Expenditures	<u>254,361,442</u>	<u>255,175,778</u>	<u>249,427,845</u>	<u>5,747,933</u>
Excess of Revenues Over (Under) Expenditures	(3,547,526)	10,440,889	16,658,289	6,217,400

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Financing Sources (Uses):				
Transfers - In	\$ 390,800	\$ 381,589	\$ 424,556	\$ 42,967
Transfers - Out	(1,226,500)	(1,561,076)	(1,561,076)	-
Advances - In	1,500,000	1,728,831	1,728,831	-
Advances - Out	(1,500,000)	(1,500,000)	(1,483,500)	16,500
Proceeds from Sale of Capital Assets	-	21,990	22,746	756
Insurance Recoveries	6,300	6,300	-	(6,300)
Refund of Prior Year Receipts	-	(479)	(479)	-
Refund of Prior Year Expenditures	550,000	600,000	874,118	274,118
Total Other Financing Sources (Uses)	<u>(279,400)</u>	<u>(322,845)</u>	<u>5,196</u>	<u>328,041</u>
Net Change in Fund Balance	(3,826,926)	10,118,044	16,663,485	6,545,441
Fund Balance at Beginning of Fiscal Year	161,554,344	161,554,344	161,554,344	-
Prior Year Encumbrances Appropriated	3,022,637	3,022,637	3,022,637	-
Fund Balance at End of Fiscal Year	<u>\$ 160,750,055</u>	<u>\$ 174,695,025</u>	<u>\$ 181,240,466</u>	<u>\$ 6,545,441</u>

*South-Western City School District, Ohio  
Required Supplemental Information  
For the Fiscal Year Ended June 30, 2018*

**BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Due to the implementation of GASB 54, the Public School Support Fund was reclassified to the General Fund. This fund is not required to be included in the General Fund Budgetary Schedule. Therefore, the activity from this fund is excluded with an adjustment for the change in fund balance.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis for the General Fund:

	<u>General</u>
GAAP Basis	\$ 22,291,667
Adjustments:	
Revenue Accruals	(2,654,245)
Expenditure Accruals	(7,918,605)
Encumbrances	3,913,360
Refund of Prior Year Receipts	(479)
Refund of Prior Year Expenditures	874,118
Sale of Capital Assets	22,746
Activity of Fund Reclassified for GAAP Reporting Purposes	(110,408)
Advances	245,331
Budget Basis	\$ 16,663,485

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	1.00766520%	1.04363540%	1.02475160%	1.04451600%	1.04451600%
District's proportionate share of the net pension liability	\$ 60,205,769	\$ 76,384,483	\$ 58,473,320	\$ 52,862,360	\$ 62,114,014
District's covered-employee payroll	\$ 33,366,193	\$ 34,401,300	\$ 30,850,372	\$ 28,682,886	\$ 27,922,298
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180.44%	222.04%	189.54%	184.30%	222.45%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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



South-Western City School District  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Two Fiscal Years (1)

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	1.01195710%	1.04426580%
District's proportionate share of the net OPEB liability	\$ 27,158,270	\$ 29,765,438
District's covered-employee payroll	\$ 33,366,193	\$ 34,401,300
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	81.39%	86.52%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

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

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

South-Western City School District  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement of Ohio  
 Last Five Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	1.05073355%	1.03569670%	1.02000656%	1.00403592%	1.00403592%
District's proportionate share of the net pension liability	\$ 249,604,006	\$ 346,678,905	\$ 281,899,938	\$ 244,216,283	\$ 290,908,839
District's covered-employee payroll	\$ 116,956,129	\$ 134,056,157	\$ 106,420,593	\$ 103,595,331	\$ 102,000,677
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.42%	258.61%	264.89%	235.74%	285.20%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

South-Western City School District  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net OPEB Liability  
 State Teachers Retirement of Ohio  
 Last Two Fiscal Years (1)

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	1.05073355%	1.03569670%
District's proportionate share of the net OPEB liability	\$ 40,995,745	\$ 55,389,329
District's covered-employee payroll	\$ 116,956,129	\$ 134,056,157
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	35.05%	41.32%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

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

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

South-Western City School District  
 Required Supplementary Information  
 Schedule of the School District's Contribution  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually required contribution	\$ 4,723,792	\$ 4,671,267	\$ 4,816,182	\$ 4,066,079
Contributions in relation to the contractually required contribution	<u>(4,723,792)</u>	<u>(4,671,267)</u>	<u>(4,816,182)</u>	<u>(4,066,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered payroll	<u>\$ 34,991,052</u>	<u>\$ 33,366,193</u>	<u>\$ 34,401,300</u>	<u>\$ 30,850,372</u>
Pension contributions as a percentage of covered employee payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
<b>Net OPEB Liability</b>				
Contractually required contribution (1)	\$ 733,752	\$ 502,556	\$ 471,151	\$ 655,612
Contributions in relation to the contractually required contribution	<u>(733,752)</u>	<u>(502,556)</u>	<u>(471,151)</u>	<u>(655,612)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB contributions as a percentage of covered payroll	<u>2.10%</u>	<u>1.51%</u>	<u>1.37%</u>	<u>2.13%</u>
Total contributions as a percentage of covered payroll (2)	<u>15.60%</u>	<u>15.51%</u>	<u>15.37%</u>	<u>15.31%</u>

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

(2) Includes surcharge

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 3,975,448	\$ 3,864,446	\$ 3,663,149	\$ 3,829,383	\$ 3,973,899	\$ 3,581,183
(3,975,448)	(3,864,446)	(3,663,149)	(3,829,383)	(3,973,899)	(3,581,183)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 28,682,886</u>	<u>\$ 27,922,298</u>	<u>\$ 27,235,309</u>	<u>\$ 30,464,462</u>	<u>\$ 29,349,325</u>	<u>\$ 36,394,136</u>
<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>	<u>9.84%</u>
\$ 441,962	\$ 465,346	\$ 578,716	\$ 862,122	\$ 569,426	\$ 1,917,480
(441,962)	(465,346)	(578,716)	(862,122)	(569,426)	(1,917,480)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>1.54%</u>	<u>1.67%</u>	<u>2.12%</u>	<u>2.83%</u>	<u>1.94%</u>	<u>5.27%</u>
<u>15.40%</u>	<u>15.51%</u>	<u>15.57%</u>	<u>15.40%</u>	<u>15.48%</u>	<u>15.11%</u>

South-Western City School District  
 Required Supplementary Information  
 Schedule of the School District's Contribution  
 State Teachers Retirement of Ohio  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net Pension Liability</b>			
Contractually required contribution	\$ 17,212,881	\$ 16,373,858	\$ 18,767,862
Contributions in relation to the contractually required contribution	<u>(17,212,881)</u>	<u>(16,373,858)</u>	<u>(18,767,862)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered employee payroll	\$ 122,949,150	\$ 116,956,129	\$ 134,056,157
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total contributions as a percentage of covered payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 14,898,883	\$ 13,467,393	\$ 13,260,088	\$ 13,000,170	\$ 13,533,644	\$ 13,467,018	\$ 13,485,148
(14,898,883)	(13,467,393)	(13,260,088)	(13,000,170)	(13,533,644)	(13,467,018)	(13,485,148)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 106,420,593</u>	<u>\$ 103,595,331</u>	<u>\$ 102,000,677</u>	<u>\$ 100,001,308</u>	<u>\$ 104,104,957</u>	<u>\$ 103,592,443</u>	<u>\$ 103,731,909</u>
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ -	\$ 1,035,953	\$ 1,020,007	\$ 1,000,013	\$ 1,041,050	\$ 1,035,924	\$ 1,037,319
-	(1,035,953)	(1,020,007)	(1,000,013)	(1,041,050)	(1,035,924)	(1,037,319)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**South-Western City School District, Ohio**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

**Net Pension Liability**

**Changes in Assumptions – SERS**

For fiscal year 2018, an assumption of 2.50 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.00 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:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation	7.75 percent net of investment expense, including inflation

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

**Changes in Assumptions - STRS**

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:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.50 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017	2.00 percent simple, applied as follows: for members retiring before August 1, 2013, 2.00 percent per year; for members retiring August 1, 2013, or later, 2.00 percent COLA commences on fifth anniversary of retirement date.



**South-Western City School District, Ohio**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**Net OPEB Liability**

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,  
including price inflation

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**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 2.10 percent to 1.90 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.

## **OTHER SUPPLEMENTAL INFORMATION**

## **DEBT SERVICE FUND**

The Debt Service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment.

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Taxes	\$ 13,208,800	\$ 14,320,555	\$ 1,111,755
Interest	10,000	29,527	19,527
Intergovernmental	<u>2,257,460</u>	<u>2,327,361</u>	<u>69,901</u>
Total Revenues	<u>15,476,260</u>	<u>16,677,443</u>	<u>1,201,183</u>
Expenditures:			
Current:			
Support Services:			
Fiscal			
Miscellaneous	<u>250,000</u>	<u>219,622</u>	<u>30,378</u>
Total Fiscal	<u>250,000</u>	<u>219,622</u>	<u>30,378</u>
Total Support Services	<u>250,000</u>	<u>219,622</u>	<u>30,378</u>
Debt Service:			
Principal Retirement	7,655,000	7,655,000	-
Interest and Fiscal Charges	7,111,920	6,989,039	122,881
Refunding Bond Issuance Costs	182,476	182,246	230
Payments to Escrow Agents	<u>1,607,797</u>	<u>1,607,797</u>	<u>-</u>
Total Expenditures	<u>16,807,193</u>	<u>16,653,704</u>	<u>153,489</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,330,933)</u>	<u>23,739</u>	<u>1,354,672</u>
Other Financing Sources (Uses):			
Transfers - In	500,000	500,000	-
Refunding Bonds Issued	10,000,000	10,000,000	-
Discount on Refunding Bonds Issued	(165,540)	(165,540)	-
Payment to Refunded Bond Escrow Agent	<u>(9,651,984)</u>	<u>(9,651,984)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>682,476</u>	<u>682,476</u>	<u>-</u>
Net Change in Fund Balance	(648,457)	706,215	1,354,672
Fund Balance at Beginning of Fiscal Year	<u>12,463,417</u>	<u>12,463,417</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 11,814,960</u>	<u>\$ 13,169,632</u>	<u>\$ 1,354,672</u>

## **CAPITAL IMPROVEMENTS FUNDS**

The Capital Improvement funds are established to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. The following are descriptions of each Capital Improvement Fund:

### Capital Improvements

To account for and report all resources assigned to permanent improvements as authorized by Section 5705, Revised Code.

### Building Fund

To account for the bond proceeds issued to fund the Locally Funded Initiative related to the Ohio Facilities Construction Commission project.

### Classroom Facilities

To account for the bond and state grant proceeds in connection with contracts entered into by the District and the Ohio Construction Commission.

South-Western City School District  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget (Non-GAAP) and Actual  
 Capital Improvements Fund  
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Taxes	\$ 3,892,500	\$ 3,989,329	\$ 96,829
Intergovernmental	503,000	493,377	(9,623)
Total Revenues	<u>4,395,500</u>	<u>4,482,706</u>	<u>87,206</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Supplies and Materials	3,525,239	3,385,493	139,746
Capital Outlay	79,095	8,678	70,417
Total Regular	<u>3,604,334</u>	<u>3,394,171</u>	<u>210,163</u>
Total Instruction	<u>3,604,334</u>	<u>3,394,171</u>	<u>210,163</u>
Support Services:			
Administration			
Supplies and Materials	6,153	5,345	808
Total Administration	<u>6,153</u>	<u>5,345</u>	<u>808</u>
Fiscal			
Miscellaneous	67,850	67,850	-
Total Fiscal	<u>67,850</u>	<u>67,850</u>	<u>-</u>
Business			
Purchased Services	216,401	84,253	132,148
Total Business	<u>216,401</u>	<u>84,253</u>	<u>132,148</u>
Operation and Maintenance			
Capital Outlay	229,678	229,426	252
Total Operation and Maintenance	<u>229,678</u>	<u>229,426</u>	<u>252</u>
Transportation			
Capital Outlay	981,242	981,242	-
Total Transportation	<u>981,242</u>	<u>981,242</u>	<u>-</u>
			(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Capital Improvements Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Central			
Supplies and Materials	\$ 56,646	\$ 56,586	\$ 60
Capital Outlay	79,710	79,710	-
Total Central	<u>136,356</u>	<u>136,296</u>	<u>60</u>
Total Support Services	<u>1,637,680</u>	<u>1,504,412</u>	<u>133,268</u>
Extracurricular Activities			
Supplies and Materials	16,003	16,003	-
Capital Outlay	<u>108,794</u>	<u>108,794</u>	<u>-</u>
Total Extracurricular Activities	<u>124,797</u>	<u>124,797</u>	<u>-</u>
Capital Outlay	<u>2,268,567</u>	<u>1,853,476</u>	<u>415,091</u>
Total Expenditures	<u>7,635,378</u>	<u>6,876,856</u>	<u>758,522</u>
Net Change in Fund Balance	(3,239,878)	(2,394,150)	845,728
Fund Balance at Beginning of Fiscal Year	2,550,374	2,550,374	-
Prior Year Encumbrances Appropriated	<u>1,179,351</u>	<u>1,179,351</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 489,847</u>	<u>\$ 1,335,575</u>	<u>\$ 845,728</u>

South-Western City School District  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget (Non-GAAP) and Actual  
 Building Fund  
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Interest	\$ 100,000	\$ 68,398	\$ (31,602)
Total Revenues	<u>100,000</u>	<u>68,398</u>	<u>(31,602)</u>
Expenditures:			
Capital Outlay	<u>6,785,202</u>	<u>6,374,355</u>	<u>410,847</u>
Total Expenditures	<u>6,785,202</u>	<u>6,374,355</u>	<u>410,847</u>
Excess of Revenues Over (Under) Expenditures	(6,685,202)	(6,305,957)	379,245
Other Financing Sources:			
Refund of Prior Year Expenditures	<u>1,719</u>	<u>1,719</u>	<u>-</u>
Total Other Financing Sources	<u>1,719</u>	<u>1,719</u>	<u>-</u>
Net Change in Fund Balance	(6,683,483)	(6,304,238)	379,245
Fund Balance at Beginning of Fiscal Year	6,823,974	6,823,974	-
Prior Year Encumbrances Appropriated	<u>111,855</u>	<u>111,855</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 252,346</u>	<u>\$ 631,591</u>	<u>\$ 379,245</u>



South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Classroom Facilities Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Interest	\$ 17,900	\$ 18,784	\$ 884
Intergovernmental	100,000	-	(100,000)
Total Revenues	<u>117,900</u>	<u>18,784</u>	<u>(99,116)</u>
Expenditures:			
Capital Outlay	<u>1,334,538</u>	<u>605,402</u>	<u>729,136</u>
Total Expenditures	<u>1,334,538</u>	<u>605,402</u>	<u>729,136</u>
Excess of Revenues Over (Under) Expenditures	(1,216,638)	(586,618)	630,020
Other Financing Sources:			
Refund of Prior Year Expenditures	<u>36,140</u>	<u>61,788</u>	<u>25,648</u>
Total Other Financing Sources	<u>36,140</u>	<u>61,788</u>	<u>25,648</u>
Net Change in Fund Balance	(1,180,498)	(524,830)	655,668
Fund Balance at Beginning of Fiscal Year	1,385,425	1,385,425	-
Prior Year Encumbrances Appropriated	<u>571,656</u>	<u>571,656</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 776,583</u>	<u>\$ 1,432,251</u>	<u>\$ 655,668</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for revenue sources (other than capital projects or debt service) that are legally or third party restricted to expenditures for specified purposes. The following are descriptions of each Special Revenue Fund:

### Public School Support

To account for specific local revenue sources, other than taxes or expendable trusts, (i.e. profits from vending machines, sale of pictures, etc.), that are restricted to expenditures of specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases. These funds have been established at each school and at certain administrative centers for the purposes described above. For GAAP reporting purposes, this fund is reported as part of the General Fund in accordance with GASB Statement No. 54; however, for budgetary reporting purposes this fund is included with the Special Revenue Funds.

### Other Grants

To account for the proceeds of specific revenue sources, except state and federal grants that are legally restricted to expenditures for specified purposes.

### District Managed Student Activities

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders and other similar types of activities.

### All State Grants

To account for all state grant programs which include Auxiliary Services, Early Childhood Education, and Data Connectivity.

### All Federal Grants

To account for federal grant programs which include: Adult Basic Education, Title I, Title I-School Improvement, Title I-Neglected, Title II-A, Title III, IDEA B, ESCE, Perkins, Head Start, Refugee School Impact, Diesel Emissions Reduction and Student Support and Academic Enrichment.

### Food Service

To account for the financial transactions related to the food service operations of the District.

### Classroom Facilities Maintenance

To account for and report property taxes restricted to expenditures for the maintenance and upkeep of classroom facilities.

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South-Western City School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	<u>Other Grants</u>	<u>District Managed Student Activities</u>	<u>All State Grants</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash			
Equivalents	\$ 536,593	\$ 1,098,234	\$ 387,522
Receivable:			
Taxes	-	-	-
Accounts	42,947	1,671	-
Intergovernmental	-	-	27,379
Materials and Supplies Inventory	-	4,768	-
Total Assets	<u>\$ 579,540</u>	<u>\$ 1,104,673</u>	<u>\$ 414,901</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Accounts Payable	\$ 22,649	\$ 80,255	\$ 20,251
Accrued Wages and Benefits	-	-	66,107
Matured Compensated Absences Payable	-	-	-
Interfund Loans Payable	-	-	5,047
Total Liabilities	<u>22,649</u>	<u>80,255</u>	<u>91,405</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes not Levied to Finance			
Current Year Operations	-	-	-
State and Federal Grant Revenue Not Received	-	-	16,957
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>16,957</u>
<u>Fund Balance:</u>			
Nonspendable	-	4,768	-
Restricted	556,891	1,019,650	319,575
Unassigned (Deficit)	-	-	(13,036)
Total Fund Balances	<u>556,891</u>	<u>1,024,418</u>	<u>306,539</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 579,540</u>	<u>\$ 1,104,673</u>	<u>\$ 414,901</u>

<u>All Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Funds</u>
\$ 303,162	\$ 4,493,378	\$ 4,098,474	\$ 10,917,363
-	-	461,791	461,791
-	10,063	-	54,681
4,924,722	970,744	-	5,922,845
-	82,366	-	87,134
<u>\$ 5,227,884</u>	<u>\$ 5,556,551</u>	<u>\$ 4,560,265</u>	<u>\$ 17,443,814</u>
\$ 126,287	\$ 113,984	\$ -	\$ 363,426
1,562,485	555,435	-	2,184,027
-	32,304	-	32,304
1,478,453	-	-	1,483,500
<u>3,167,225</u>	<u>701,723</u>	<u>-</u>	<u>4,063,257</u>
-	-	461,791	461,791
2,306,728	-	-	2,323,685
<u>2,306,728</u>	<u>-</u>	<u>461,791</u>	<u>2,785,476</u>
-	82,366	-	87,134
352,746	4,772,462	4,098,474	11,119,798
(598,815)	-	-	(611,851)
<u>(246,069)</u>	<u>4,854,828</u>	<u>4,098,474</u>	<u>10,595,081</u>
<u>\$ 5,227,884</u>	<u>\$ 5,556,551</u>	<u>\$ 4,560,265</u>	<u>\$ 17,443,814</u>

South-Western City School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	<u>Other Grants</u>	<u>District Managed Student Activities</u>	<u>All State Grants</u>
Revenues:			
Local:			
Taxes	\$ -	\$ -	\$ -
Tuition	6,388	9,174	-
Interest	-	-	4,282
Other Local Revenue	402,280	1,198,646	-
Intergovernmental	59,983	-	1,382,744
<b>Total Revenues</b>	<u>468,651</u>	<u>1,207,820</u>	<u>1,387,026</u>
Current:			
Instruction:			
Regular	115,275	-	-
Special	9,266	-	111,879
Vocational	-	-	-
Other	31,294	-	-
Support Services:			
Pupil	55,837	99	29,712
Instructional Staff	231,438	31,290	5,934
Administration	1,242	699	9,053
Fiscal	-	-	47,359
Operations and Maintenance	-	-	-
Central	-	-	54,000
Food Service	6	-	-
Community Services	-	-	1,030,014
Extracurricular Activities	18,813	1,078,108	-
<b>Total Expenditures</b>	<u>463,171</u>	<u>1,110,196</u>	<u>1,287,951</u>
Excess of Revenues Over Expenditures	5,480	97,624	99,075
Other Financing Sources:			
Transfers - In	338,741	400	-
<b>Total Other Financing Sources</b>	<u>338,741</u>	<u>400</u>	<u>-</u>
Net Change in Fund Balance	344,221	98,024	99,075
Fund Balances (Deficit) at Beginning of Fiscal Year	212,670	926,394	207,464
<b>Fund Balances (Deficit) at End of Fiscal Year</b>	<u>\$ 556,891</u>	<u>\$ 1,024,418</u>	<u>\$ 306,539</u>

<u>All Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ -	\$ 461,791	\$ 461,791
-	-	-	15,562
-	47,712	-	51,994
-	2,403,284	-	4,004,210
<u>14,491,708</u>	<u>9,249,160</u>	<u>221,288</u>	<u>25,404,883</u>
<u>14,491,708</u>	<u>11,700,156</u>	<u>683,079</u>	<u>29,938,440</u>
-	-	-	115,275
7,513,865	-	-	7,635,010
516,742	-	-	516,742
157,515	-	-	188,809
1,202,215	-	-	1,287,863
3,555,662	-	-	3,824,324
371,115	-	-	382,109
396,434	-	-	443,793
123,002	193,999	-	317,001
-	-	-	54,000
-	10,929,312	-	10,929,318
468,901	-	-	1,498,915
-	-	-	1,096,921
<u>14,305,451</u>	<u>11,123,311</u>	<u>-</u>	<u>28,290,080</u>
186,257	576,845	683,079	1,648,360
-	-	-	339,141
<u>-</u>	<u>-</u>	<u>-</u>	<u>339,141</u>
186,257	576,845	683,079	1,987,501
(432,326)	4,277,983	3,415,395	8,607,580
<u>\$ (246,069)</u>	<u>\$ 4,854,828</u>	<u>\$ 4,098,474</u>	<u>\$ 10,595,081</u>

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Public School Support Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Intergovernmental	\$ 32,982	\$ 41,632	\$ 8,650
Other Local Revenue	1,028,505	1,029,815	1,310
Total Revenues	<u>1,061,487</u>	<u>1,071,447</u>	<u>9,960</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Salaries and Wages	13,310	10,093	3,217
Fringe Benefits	2,381	1,560	821
Purchased Services	119,682	96,410	23,272
Supplies and Materials	1,061,236	673,967	387,269
Total Regular	<u>1,196,609</u>	<u>782,030</u>	<u>414,579</u>
Special			
Purchased Services	3,100	506	2,594
Supplies and Materials	287,269	79,033	208,236
Total Special	<u>290,369</u>	<u>79,539</u>	<u>210,830</u>
Vocational			
Salaries and Wages	55	55	-
Fringe Benefits	21	9	12
Purchased Services	5,884	1,718	4,166
Supplies and Materials	14,875	7,385	7,490
Total Vocational	<u>20,835</u>	<u>9,167</u>	<u>11,668</u>
Other			
Salaries and Wages	4,312	4,312	-
Fringe Benefits	667	667	-
Supplies and Materials	238	238	-
Total Other	<u>5,217</u>	<u>5,217</u>	<u>-</u>
Total Instruction	<u>1,513,030</u>	<u>875,953</u>	<u>637,077</u>

(continued)



South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Public School Support Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Support Services:			
Pupil			
Salaries and Wages	\$ 690	\$ 690	\$ -
Fringe Benefits	300	106	194
Purchased Services	20,368	19,182	1,186
Supplies and Materials	215,161	155,874	59,287
Total Pupil	<u>236,519</u>	<u>175,852</u>	<u>60,667</u>
Instructional Staff			
Salaries and Wages	37,993	23,881	14,112
Fringe Benefits	6,958	3,965	2,993
Purchased Services	65,657	21,675	43,982
Supplies and Materials	53,573	22,856	30,717
Miscellaneous	250	250	-
Total Instructional Staff	<u>164,431</u>	<u>72,627</u>	<u>91,804</u>
Administration			
Salaries and Wages	2,682	1,432	1,250
Fringe Benefits	221	221	-
Purchased Services	62,239	33,710	28,529
Supplies and Materials	91,559	60,194	31,365
Miscellaneous	3,140	2,670	470
Capital Outlay	1,660	698	962
Total Administration	<u>161,501</u>	<u>98,925</u>	<u>62,576</u>
Operations and Maintenance			
Supplies and Materials	1,647	1,347	300
Total Operations and Maintenance	<u>1,647</u>	<u>1,347</u>	<u>300</u>
Total Support Services	<u>564,098</u>	<u>348,751</u>	<u>215,347</u>
Extracurricular Activities			
Salaries and Wages	22,417	22,317	100
Fringe Benefits	3,465	3,441	24
Purchased Services	41,591	36,756	4,835
Supplies and Materials	30,680	20,767	9,913
Miscellaneous	2,852	1,635	1,217
Total Extracurricular Activities	<u>101,005</u>	<u>84,916</u>	<u>16,089</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Public School Support Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Expenditures	<u>\$ 2,178,133</u>	<u>\$ 1,309,620</u>	<u>\$ 868,513</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,116,646)</u>	<u>(238,173)</u>	<u>878,473</u>
Other Financing Sources (Uses):			
Transfers - In	231,900	297,379	65,479
Refund of Prior Year Expenditures	-	1,378	1,378
Refund of Prior Year Receipts	<u>(26,779)</u>	<u>(26,779)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>205,121</u>	<u>271,978</u>	<u>66,857</u>
Net Change in Fund Balance	(911,525)	33,805	945,330
Fund Balance at Beginning of Fiscal Year	1,168,962	1,168,962	-
Prior Year Encumbrances Appropriated	<u>69,167</u>	<u>69,167</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 326,604</u></u>	<u><u>\$ 1,271,934</u></u>	<u><u>\$ 945,330</u></u>

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Other Grants Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Intergovernmental	\$ 118,987	\$ 17,436	\$ (101,551)
Tuition	6,388	6,388	-
Other Local Revenue	402,280	402,280	-
Total Revenues	<u>527,655</u>	<u>426,104</u>	<u>(101,551)</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Purchased Services	38,866	38,390	476
Supplies and Materials	203,524	93,041	110,483
Capital Outlay	101,601	-	101,601
Total Regular	<u>343,991</u>	<u>131,431</u>	<u>212,560</u>
Special			
Salaries and Wages	6,398	6,398	-
Fringe Benefits	1,941	1,941	-
Purchased Services	163	69	94
Supplies and Materials	902	858	44
Total Special	<u>9,404</u>	<u>9,266</u>	<u>138</u>
Other			
Salaries and Wages	32,406	27,136	5,270
Fringe Benefits	4,825	4,158	667
Total Other	<u>37,231</u>	<u>31,294</u>	<u>5,937</u>
Total Instruction	<u>390,626</u>	<u>171,991</u>	<u>218,635</u>
Support Services:			
Pupil			
Salaries and Wages	19,972	15,828	4,144
Fringe Benefits	3,448	2,497	951
Purchased Services	8,472	3,885	4,587
Supplies and Materials	54,320	38,358	15,962
Total Pupil	<u>86,212</u>	<u>60,568</u>	<u>25,644</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Other Grants Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Instructional Staff</b>			
Salaries and Wages	\$ 225,641	\$ 163,196	\$ 62,445
Fringe Benefits	33,126	25,235	7,891
Purchased Services	67,941	35,256	32,685
Supplies and Materials	46,036	22,265	23,771
<b>Total Instructional Staff</b>	<u>372,744</u>	<u>245,952</u>	<u>126,792</u>
<b>Administration</b>			
Salaries and Wages	297	297	-
Fringe Benefits	46	46	-
Purchased Services	200	2	198
Supplies and Materials	16,220	897	15,323
Capital Outlay	5,000	-	5,000
<b>Total Administration</b>	<u>21,763</u>	<u>1,242</u>	<u>20,521</u>
<b>Total Support Services</b>	<u>480,719</u>	<u>307,762</u>	<u>172,957</u>
<b>Food Service</b>			
Supplies and Materials	1,045	1,045	-
<b>Total Food Service</b>	<u>1,045</u>	<u>1,045</u>	<u>-</u>
<b>Extracurricular Activities</b>			
Salaries and Wages	13,264	11,413	1,851
Fringe Benefits	2,039	1,759	280
Supplies and Materials	324	324	-
Capital Outlay	5,317	5,317	-
<b>Total Extracurricular Activities</b>	<u>20,944</u>	<u>18,813</u>	<u>2,131</u>
Capital Outlay	9,000	-	9,000
<b>Total Expenditures</b>	<u>902,334</u>	<u>499,611</u>	<u>402,723</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(374,679)	(73,507)	301,172
<b>Other Financing Sources:</b>			
Transfer - In	338,741	338,741	-
<b>Total Other Financing Sources</b>	<u>338,741</u>	<u>338,741</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(35,938)	265,234	301,172
Fund Balance at Beginning of Fiscal Year	188,177	188,177	-
Prior Year Encumbrances Appropriated	35,852	35,852	-
<b>Fund Balance at End of Fiscal Year</b>	<u>\$ 188,091</u>	<u>\$ 489,263</u>	<u>\$ 301,172</u>

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
District Managed Student Activities Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Tuition	\$ 6,600	\$ 9,049	\$ 2,449
Other Local Revenue	1,144,329	1,201,944	57,615
Total Revenues	<u>1,150,929</u>	<u>1,210,993</u>	<u>60,064</u>
Expenditures:			
Current:			
Instruction:			
Vocational			
Supplies and Materials	81,200	71,979	9,221
Capital Outlay	197,465	124,888	72,577
Total Regular	<u>278,665</u>	<u>196,867</u>	<u>81,798</u>
Total Instruction	<u>278,665</u>	<u>196,867</u>	<u>81,798</u>
Support Services:			
Pupil			
Supplies and Materials	401	99	302
Total Pupil	<u>401</u>	<u>99</u>	<u>302</u>
Instructional Staff			
Purchased Services	25	8	17
Supplies and Materials	33,975	31,604	2,371
Capital Outlay	1,600	-	1,600
Total Instructional Staff	<u>35,600</u>	<u>31,612</u>	<u>3,988</u>
Administration			
Purchased Services	1,985	1,316	669
Total Administration	<u>1,985</u>	<u>1,316</u>	<u>669</u>
Total Support Services	<u>37,986</u>	<u>33,027</u>	<u>4,959</u>
Extracurricular Activities			
Salaries and Wages	65,501	52,265	13,236
Fringe Benefits	12,094	8,069	4,025
Purchased Services	346,929	254,906	92,023
Supplies and Materials	1,047,986	739,255	308,731
Miscellaneous	4,781	2,457	2,324
Capital Outlay	114,276	110,757	3,519
Total Extracurricular Activities	<u>1,591,567</u>	<u>1,167,709</u>	<u>423,858</u>
Capital Outlay	47,181	46,838	343
Total Expenditures	<u>1,955,399</u>	<u>1,444,441</u>	<u>510,958</u>

(continued)

South-Western City School District  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget (Non-GAAP) and Actual  
 District Managed Student Activities Fund  
 For the Fiscal Year Ended June 30, 2018  
 (continued)

	Final Budget	Actual	Variance
Excess of Revenues Over (Under) Expenditures	\$ (804,470)	\$ (233,448)	\$ 571,022
Other Financing Sources (Uses):			
Transfers - In	300	400	100
Proceeds from Sale of Capital Assets	-	750	750
Refund of Prior Year Expenditures	200	175	(25)
Refund of Prior Year Receipt	(571)	(571)	-
Total Other Financing Sources (Uses)	<u>(71)</u>	<u>754</u>	<u>825</u>
Net Change in Fund Balance	(804,541)	(232,694)	571,847
Fund Balance at Beginning of Fiscal Year	902,406	902,406	-
Prior Year Encumbrances Appropriated	52,362	52,362	-
Fund Balance at End of Fiscal Year	<u>\$ 150,227</u>	<u>\$ 722,074</u>	<u>\$ 571,847</u>

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
All State Grants Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Interest	\$ 4,282	\$ 4,282	\$ -
Intergovernmental	1,550,463	1,522,805	(27,658)
Total Revenues	<u>1,554,745</u>	<u>1,527,087</u>	<u>(27,658)</u>
Expenditures:			
Current:			
Instruction:			
Special			
Salaries and Wages	100,811	84,872	15,939
Fringe Benefits	27,820	23,898	3,922
Supplies and Materials	2,320	2,320	-
Total Special	<u>130,951</u>	<u>111,090</u>	<u>19,861</u>
Total Instruction	<u>130,951</u>	<u>111,090</u>	<u>19,861</u>
Support Services:			
Pupil			
Salaries and Wages	26,223	4,359	21,864
Fringe Benefits	3,474	914	2,560
Purchased Services	48,624	19,501	29,123
Supplies and Materials	7,999	7,224	775
Total Pupil	<u>86,320</u>	<u>31,998</u>	<u>54,322</u>
Instructional Staff			
Salaries and Wages	5,142	4,317	825
Fringe Benefits	1,027	862	165
Purchased Services	247	247	-
Total Instructional Staff	<u>6,416</u>	<u>5,426</u>	<u>990</u>
Administration			
Salaries and Wages	6,597	5,321	1,276
Fringe Benefits	2,980	2,498	482
Purchased Services	547	547	-
Supplies and Materials	664	664	-
Total Administration	<u>10,788</u>	<u>9,030</u>	<u>1,758</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
All State Grants Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fiscal			
Miscellaneous	\$ 52,989	\$ 47,359	\$ 5,630
Total Fiscal	<u>52,989</u>	<u>47,359</u>	<u>5,630</u>
Central			
Purchased Services	54,000	54,000	-
Total Central	<u>54,000</u>	<u>54,000</u>	<u>-</u>
Total Support Services	<u>210,513</u>	<u>147,813</u>	<u>62,700</u>
Community Services			
Salaries and Wages	516,208	435,674	80,534
Fringe Benefits	117,233	94,765	22,468
Purchased Services	234,577	185,963	48,614
Supplies and Materials	465,609	356,978	108,631
Capital Outlay	39,492	35,790	3,702
Total Community Services	<u>1,373,119</u>	<u>1,109,170</u>	<u>263,949</u>
Total Expenditures	<u>1,714,583</u>	<u>1,368,073</u>	<u>346,510</u>
Excess of Revenues Over (Under) Expenditures	(159,838)	159,014	318,852
Other Financing Sources (Uses):			
Advances - In	-	5,047	5,047
Refund of Prior Year Expenditures	30	30	-
Refund of Prior Year Receipts	(112,660)	(112,660)	-
Advances - Out	-	(24,764)	(24,764)
Total Other Financing Sources (Uses)	<u>(112,630)</u>	<u>(132,347)</u>	<u>(19,717)</u>
Net Change in Fund Balance	(272,468)	26,667	299,135
Fund Balance at Beginning of Fiscal Year	263,661	263,661	-
Prior Year Encumbrances Appropriated	33,574	33,574	-
Fund Balance at End of Fiscal Year	<u>\$ 24,767</u>	<u>\$ 323,902</u>	<u>\$ 299,135</u>



South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
All Federal Grants Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Intergovernmental	\$ 20,358,097	\$ 14,528,692	\$ (5,829,405)
Total Revenues	<u>20,358,097</u>	<u>14,528,692</u>	<u>(5,829,405)</u>
Expenditures:			
Current:			
Instruction:			
Special			
Salaries and Wages	6,180,762	4,973,785	1,206,977
Fringe Benefits	2,488,125	1,977,381	510,744
Purchased Services	127,640	84,711	42,929
Supplies and Materials	389,840	359,412	30,428
Capital Outlay	126,000	7,497	118,503
Total Special	<u>9,312,367</u>	<u>7,402,786</u>	<u>1,909,581</u>
Vocational			
Salaries and Wages	458,429	388,775	69,654
Fringe Benefits	147,667	125,906	21,761
Total Vocational	<u>606,096</u>	<u>514,681</u>	<u>91,415</u>
Other			
Salaries and Wages	156,853	131,709	25,144
Fringe Benefits	24,290	20,337	3,953
Purchased Services	2,863	2,863	-
Supplies and Materials	2,639	2,608	31
Total Other	<u>186,645</u>	<u>157,517</u>	<u>29,128</u>
Total Instruction	<u>10,105,108</u>	<u>8,074,984</u>	<u>2,030,124</u>
Support Services:			
Pupil			
Salaries and Wages	453,954	393,286	60,668
Fringe Benefits	151,845	129,235	22,610
Purchased Services	598,589	555,405	43,184
Supplies and Materials	182,659	181,659	1,000
Total Pupil	<u>1,387,047</u>	<u>1,259,585</u>	<u>127,462</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
All Federal Grants Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Instructional Staff</b>			
Salaries and Wages	\$ 2,960,727	\$ 2,462,142	\$ 498,585
Fringe Benefits	853,779	700,059	153,720
Purchased Services	400,071	356,085	43,986
Supplies and Materials	267,294	208,419	58,875
Miscellaneous	12,700	-	12,700
<b>Total Instructional Staff</b>	<u>4,494,571</u>	<u>3,726,705</u>	<u>767,866</u>
<b>Administration</b>			
Salaries and Wages	344,195	252,805	91,390
Fringe Benefits	152,154	109,559	42,595
Purchased Services	12,463	10,608	1,855
Supplies and Materials	15,803	10,898	4,905
<b>Total Administration</b>	<u>524,615</u>	<u>383,870</u>	<u>140,745</u>
<b>Fiscal</b>			
Miscellaneous	820,444	396,434	424,010
<b>Total Fiscal</b>	<u>820,444</u>	<u>396,434</u>	<u>424,010</u>
<b>Operations and Maintenance</b>			
Salaries and Wages	141,649	78,265	63,384
Fringe Benefits	64,629	34,226	30,403
Purchased Services	18,208	10,733	7,475
Supplies and Materials	2,000	-	2,000
<b>Total Operations and Maintenance</b>	<u>226,486</u>	<u>123,224</u>	<u>103,262</u>
<b>Pupil Transportation</b>			
Purchased Services	2,500	-	2,500
Capital Outlay	631,492	-	631,492
<b>Total Pupil Transportation</b>	<u>633,992</u>	<u>-</u>	<u>633,992</u>
<b>Total Support Services</b>	<u>8,087,155</u>	<u>5,889,818</u>	<u>2,197,337</u>
<b>Community Services</b>			
Salaries and Wages	241,007	164,284	76,723
Fringe Benefits	46,816	34,373	12,443
Purchased Services	243,295	222,137	21,158
Supplies and Materials	58,099	44,920	13,179
<b>Total Community Services</b>	<u>589,217</u>	<u>465,714</u>	<u>123,503</u>
<b>Total Expenditures</b>	<u>18,781,480</u>	<u>14,430,516</u>	<u>4,350,964</u>

(continued)

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
All Federal Grants Fund  
For the Fiscal Year Ended June 30, 2018  
(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess of Revenues Over (Under) Expenditures	\$ 1,576,617	\$ 98,176	\$ (1,478,441)
Other Financing Sources (Uses):			
Advances - In	-	1,478,453	1,478,453
Refund of Prior Year Expenditures	4	4	-
Advances - Out	-	(1,704,067)	(1,704,067)
Total Other Financing Sources (Uses)	<u>4</u>	<u>(225,610)</u>	<u>(225,614)</u>
Net Change in Fund Balance	1,576,621	(127,434)	(1,704,055)
Fund Balance at Beginning of Fiscal Year	36,614	36,614	-
Prior Year Encumbrances Appropriated	<u>90,822</u>	<u>90,822</u>	-
Fund Balance at End of Fiscal Year	<u>\$ 1,704,057</u>	<u>\$ 2</u>	<u>\$ (1,704,055)</u>

South-Western City School District  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget (Non-GAAP) and Actual  
Food Service Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Interest	\$ 15,000	\$ 47,712	\$ 32,712
Other Local Revenue	2,601,800	2,393,521	(208,279)
Intergovernmental	8,120,900	8,449,984	329,084
Total Revenues	<u>10,737,700</u>	<u>10,891,217</u>	<u>153,517</u>
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance			
Purchased Services	201,930	193,999	7,931
Total Operations and Maintenance	<u>201,930</u>	<u>193,999</u>	<u>7,931</u>
Total Support Services	<u>201,930</u>	<u>193,999</u>	<u>7,931</u>
Community Services			
Salaries and Wages	3,708,188	3,555,584	152,604
Fringe Benefits	1,710,396	1,579,149	131,247
Purchased Services	361,334	247,734	113,600
Supplies and Materials	4,421,606	4,391,929	29,677
Miscellaneous	1,850	1,819	31
Capital Outlay	250,000	241,170	8,830
Total Community Services	<u>10,453,374</u>	<u>10,017,385</u>	<u>435,989</u>
Total Expenditures	<u>10,655,304</u>	<u>10,211,384</u>	<u>443,920</u>
Excess of Revenues Over Expenditures	82,396	679,833	597,437
Other Financing Sources:			
Refund of Prior Year Expenditures	-	68,816	68,816
Total Other Financing Sources	<u>-</u>	<u>68,816</u>	<u>68,816</u>
Net Change in Fund Balance	82,396	748,649	666,253
Fund Balance at Beginning of Fiscal Year	3,565,094	3,565,094	-
Prior Year Encumbrances Appropriated	42,034	42,034	-
Fund Balance at End of Fiscal Year	<u>\$ 3,689,524</u>	<u>\$ 4,355,777</u>	<u>\$ 666,253</u>

South-Western City School District  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget (Non-GAAP) and Actual  
 Classroom Facilities Maintenance Fund  
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local:			
Taxes	\$ 461,791	\$ 461,791	\$ -
Intergovernmental	221,288	221,288	-
Total Revenues	<u>683,079</u>	<u>683,079</u>	<u>-</u>
Expenditures:			
Current:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	683,079	683,079	-
Fund Balance at Beginning of Fiscal Year	3,415,395	3,415,395	-
Fund Balance at End of Fiscal Year	<u>\$ 4,098,474</u>	<u>\$ 4,098,474</u>	<u>\$ -</u>

## **INTERNAL SERVICE FUND**

To account for the financing of services provided by one department or agency to another department or agency of the district on a cost-reimbursement basis. A description of the District's internal service fund follows:

### Health Self Insurance

To account for monies received from other funds as payment for providing health, dental and vision insurance. This fund reimburses for service provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claims payment or administration, for stop-loss coverage, or any other reinsurance or other similar purposes.

South-Western City School District  
 Schedule of Revenues, Expenses and  
 Changes in Fund Net Position - Budget (Non-GAAP) and Actual  
 Health Self Insurance Fund  
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	Variance
Revenues:			
Charges for Services	\$ 33,899,315	\$ 35,380,113	\$ 1,480,798
Total Revenues	<u>33,899,315</u>	<u>35,380,113</u>	<u>1,480,798</u>
Expenses:			
Salaries and Wages	893,455	893,455	-
Fringe Benefits	12,803	12,803	-
Purchased Services	<u>36,535,933</u>	<u>34,612,435</u>	<u>1,923,498</u>
Total Expenses	<u>37,442,191</u>	<u>35,518,693</u>	<u>1,923,498</u>
Net Change in Fund Net Position	(3,542,876)	(138,580)	3,404,296
Net Position at Beginning of Fiscal Year	11,896,774	11,896,774	-
Prior Year Encumbrances Appropriated	<u>322,016</u>	<u>322,016</u>	<u>-</u>
Net Position at End of Fiscal Year	<u>\$ 8,675,914</u>	<u>\$ 12,080,210</u>	<u>\$ 3,404,296</u>

## **FIDUCIARY FUND TYPES**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. This includes Agency Funds. The following are descriptions of each Agency Fund.

### **AGENCY FUNDS**

#### Student Activity

To account for those student activity programs, which have student participation in the activity and have students involved in the management of the programs.

#### District Competition Host Agency

To account for those competitions and tournaments hosted by the District on behalf of outside various organizations. The revenue and expenses are accounted for by the District with any excess funds being returned to the appropriate organization.



South-Western City School District  
Combining Balance Sheet  
All Agency Funds  
June 30, 2018

	<u>Student Activity</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 336,912
Total Assets	<u>\$ 336,912</u>
 <u>Liabilities:</u>	
Accounts Payable	\$ 6,496
Undistributed Money	<u>330,416</u>
Total Liabilities	<u>\$ 336,912</u>

South-Western City School District  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Fiscal Year Ended June 30, 2018

	Restated Beginning Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>June 30, 2018</u>
<u>Student Activity</u>				
Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ 312,590	\$ 348,961	\$ 324,639	\$ 336,912
Total Assets	<u>\$ 312,590</u>	<u>\$ 348,961</u>	<u>\$ 324,639</u>	<u>\$ 336,912</u>
Liabilities:				
Accounts Payable	\$ 2,012	\$ 6,496	\$ 2,012	\$ 6,496
Undistributed Money	310,578	342,465	322,627	330,416
Total Liabilities	<u>\$ 312,590</u>	<u>\$ 348,961</u>	<u>\$ 324,639</u>	<u>\$ 336,912</u>
<u>District Competition Host Agency</u>				
Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ -	\$ 26,868	\$ 26,868	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 26,868</u>	<u>\$ 26,868</u>	<u>\$ -</u>
Liabilities:				
Undistributed Money	-	26,868	26,868	-
Total Liabilities	<u>\$ -</u>	<u>\$ 26,868</u>	<u>\$ 26,868</u>	<u>\$ -</u>
<u>All Agency Funds</u>				
Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ 312,590	\$ 375,829	\$ 351,507	\$ 336,912
Total Assets	<u>\$ 312,590</u>	<u>\$ 375,829</u>	<u>\$ 351,507</u>	<u>\$ 336,912</u>
Liabilities:				
Accounts Payable	\$ 2,012	\$ 6,496	\$ 2,012	\$ 6,496
Undistributed Money	310,578	369,333	349,495	330,416
Total Liabilities	<u>\$ 312,590</u>	<u>\$ 375,829</u>	<u>\$ 351,507</u>	<u>\$ 336,912</u>

## STATISTICAL SECTION

This part of the South-Western City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	136
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	146
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	154
<u>Operating Information</u> These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	160
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	172

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

South-Western City School District  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal 2018	Fiscal 2017 (3)	Fiscal 2016 (2)	Fiscal 2015
Governmental Activities				
Net Investment in Capital Assets	\$ 176,449,342	\$ 177,047,796	\$ 174,341,029	\$ 143,338,358
Restricted	30,224,043	27,928,840	43,195,665	67,798,514
Unrestricted	(83,251,632)	(237,017,912)	(160,628,253)	(183,851,632)
Total Governmental Activities Net Position	<u>\$ 123,421,753</u>	<u>\$ (32,041,276)</u>	<u>\$ 56,908,441</u>	<u>\$ 27,285,240</u>

Source: School District Comprehensive Annual Financial Report

\* Reclassified to conform to 2014 presentation.

- (1) Restated due to implementation of GASB 68 in 2015.
- (2) Restated for presentation purposes
- (3) Restated due to implementation of GASB 75

Fiscal 2014 (1)	Fiscal 2013*	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
\$ 101,583,123	\$ 73,224,817	\$ 59,024,319	\$ 50,483,110	\$ 44,612,781	\$ 40,527,577
115,914,055	144,401,093	38,270,638	45,063,166	28,128,813	23,493,846
(204,621,889)	104,511,925	102,607,157	72,890,740	57,067,078	32,825,649
<u>\$ 12,875,289</u>	<u>\$ 322,137,835</u>	<u>\$ 199,902,114</u>	<u>\$ 168,437,016</u>	<u>\$ 129,808,672</u>	<u>\$ 96,847,072</u>

South-Western City School District  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal 2018	Fiscal 2017	Fiscal 2016 (1)	Fiscal 2015
Governmental Activities:				
Instruction:				
Regular	\$ 52,330,452	\$ 132,190,385	\$ 115,895,871	\$ 116,295,000
Special	23,934,963	50,293,456	41,941,289	43,404,819
Vocational	3,044,812	6,991,329	5,735,500	3,750,926
Other	851,870	1,672,845	1,037,207	446,347
Support Services:				
Pupil	4,857,584	13,719,435	10,812,041	10,425,013
Instructional Staff	4,091,298	8,779,168	6,991,382	7,245,057
Board of Education	42,885	43,090	38,893	39,662
Administration	14,641,127	20,568,977	18,051,038	18,266,211
Fiscal	3,303,297	4,150,471	3,638,125	3,743,700
Business	1,138,922	1,089,877	965,164	1,216,693
Operations and Maintenance	17,865,160	18,890,587	16,252,265	17,579,641
Pupil Transportation	14,063,857	16,547,727	13,287,082	12,758,549
Central	5,516,593	5,145,218	3,605,582	7,269,139
Food Service	10,024,536	11,040,608	9,514,753	9,019,672
Community Services	1,449,236	2,131,520	1,541,101	2,254,820
Extracurricular Activities	4,642,218	4,711,775	4,473,772	4,350,089
Shared Services	59,527	372,953	341,213	306,413
Interest and Fiscal Charges	6,150,732	6,103,205	7,804,277	7,717,741
Total Governmental Activities Expenses	<u>\$ 168,009,069</u>	<u>\$ 304,442,626</u>	<u>\$ 261,926,555</u>	<u>\$ 266,089,492</u>

Source: School District Comprehensive Annual Financial Report

(1) Restated for presentation purposes

Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
\$ 107,731,469	\$ 102,766,386	\$ 101,677,915	\$ 98,991,909	\$ 99,541,915	\$ 99,472,506
38,522,065	32,721,653	31,207,794	30,607,426	28,566,712	26,318,268
5,803,760	6,268,512	6,069,817	6,508,952	6,387,286	6,386,202
988,572	983,567	917,499	997,663	971,222	2,835,918
10,214,045	10,582,567	10,258,396	10,440,174	10,157,786	9,255,581
7,541,449	14,851,375	15,611,841	16,956,180	17,532,453	14,963,463
42,800	38,433	35,875	36,274	43,974	53,816
17,395,756	15,025,637	15,677,734	16,031,146	15,717,538	15,407,715
3,959,922	3,970,157	3,634,551	3,505,319	3,498,071	3,460,086
947,722	820,483	883,314	862,888	861,465	961,685
15,507,439	16,488,459	16,496,886	16,023,962	17,219,782	16,666,018
12,790,060	12,706,181	12,371,791	11,832,057	11,466,296	11,894,384
8,751,099	7,983,879	6,659,541	4,584,027	6,094,728	8,723,626
8,595,582	8,404,080	8,388,222	8,395,557	8,340,945	8,609,997
1,463,694	1,620,950	1,520,689	1,842,104	1,498,385	1,803,117
4,216,439	4,604,650	4,052,430	4,331,911	2,376,629	3,878,853
303,374	101,502	-	-	-	-
7,895,232	8,241,288	3,568,207	3,601,621	4,032,517	4,692,127
<u>\$ 252,670,479</u>	<u>\$ 248,179,759</u>	<u>\$ 239,032,502</u>	<u>\$ 235,549,170</u>	<u>\$ 234,307,704</u>	<u>\$ 235,383,362</u>

South-Western City School District  
Changes in Net Position (continued)  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal 2018	Fiscal 2017 (1)	Fiscal 2016 (2)
Program Revenue:			
Governmental Activities:			
Charges for Services and Sales			
Instruction:			
Regular	\$ 2,503,879	\$ 1,312,075	\$ 113,092
Special	1,261,257	425,485	-
Vocational	78,747	87,054	60,098
Other	54,492	23,817	-
Support Services:			
Pupil	99	66,118	-
Instructional Staff	98,329	33,059	-
Administration	699	38,568	-
Operations and Maintenance	530,186	432,594	-
Pupil Transportation	521,441	743,634	521,926
Central	788,148	15,273	-
Food Service	2,201,359	2,403,283	2,087,119
Community Services	14,479	14,150	16,418
Extracurricular Activities	1,647,852	1,512,355	799,612
Shared Services	365,318	358,945	328,850
Operating Grants, Contributions and Interest	48,930,144	44,695,754	38,975,908
Total Governmental Activities Program Revenues	<u>\$ 58,996,429</u>	<u>\$ 52,162,164</u>	<u>\$ 42,903,023</u>
Net (Expenses)/Revenue			
Governmental Activities	<u>\$ (109,012,640)</u>	<u>\$ (252,280,462)</u>	<u>\$ (219,023,532)</u>
General Revenues and Other Changes in Net Position			
General Revenues:			
Property Taxes Levied for:			
General Purposes	107,745,696	99,628,315	97,244,559
Debt Service	15,026,577	12,955,510	12,723,819
Capital Improvement	4,103,758	3,801,482	3,707,805
Classroom Facilities	461,791	461,791	461,791
Payments in Lieu of Taxes	2,722,586	2,481,467	2,559,549
Ohio Facility Construction Commission Grant	-	-	-
Grants and Entitlements not Restricted to Specific Programs	130,656,259	125,869,877	124,624,428
Interest	2,408,307	1,121,821	769,495
Other Local Revenues	1,350,695	1,662,693	6,555,287
Total Governmental Activities	<u>264,475,669</u>	<u>247,982,956</u>	<u>248,646,733</u>
Changes in Net Position	<u>\$ 155,463,029</u>	<u>\$ (4,297,506)</u>	<u>\$ 29,623,201</u>

Source: School District Comprehensive Annual Financial Report

- (1) The District implemented a change in methodology calculating program revenues.  
(2) Restated for presentation purposes



<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>	<u>Fiscal 2009</u>
\$ 174,543	\$ 119,849	\$ 127,137	\$ 161,894	\$ 165,561	\$ 137,446	\$ 165,213
-	-	-	-	-	-	-
100,919	62,016	77,472	114,619	116,529	91,031	185,043
17,125	16,642	19,098	17,457	17,486	23,880	24,165
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	953	958	1,037	-	140
-	-	157,119	165,620	163,785	-	-
493,670	533,664	566,411	414,153	435,277	252,500	432,111
-	-	-	-	-	-	-
2,442,209	2,140,284	2,160,948	2,468,329	2,914,191	3,070,970	3,242,294
15,682	14,238	16,907	15,808	15,317	12,245	16,668
1,023,969	1,050,317	939,040	904,857	1,115,825	606,324	756,351
294,460	303,374	-	-	-	-	-
40,157,084	36,623,684	32,737,457	33,141,879	36,908,180	35,369,286	33,841,376
<u>\$ 44,719,661</u>	<u>\$ 40,864,068</u>	<u>\$ 36,802,542</u>	<u>\$ 37,405,574</u>	<u>\$ 41,853,188</u>	<u>\$ 39,563,682</u>	<u>\$ 38,663,361</u>
<u>\$ (221,369,831)</u>	<u>\$ (211,806,411)</u>	<u>\$ (211,377,217)</u>	<u>\$ (201,626,928)</u>	<u>\$ (193,695,982)</u>	<u>\$ (194,744,022)</u>	<u>\$ (196,720,001)</u>
98,141,046	100,918,408	81,312,729	95,303,398	95,084,630	92,055,343	85,257,556
13,270,413	13,915,812	11,717,816	13,722,961	12,143,490	13,130,296	12,884,620
3,816,149	3,797,717	3,155,717	4,177,603	3,954,430	4,207,501	4,343,741
461,791	683,079	461,791	-	-	-	-
2,268,035	2,571,069	2,039,592	1,021,635	2,446,398	1,360,937	-
-	-	124,047,645	-	-	-	-
116,135,086	107,655,463	102,290,500	109,682,717	111,373,088	109,993,005	101,900,997
640,471	904,617	266,483	287,852	344,720	335,983	974,009
1,046,791	8,689,146	10,206,218	8,895,860	6,977,570	6,622,557	8,243,804
<u>235,779,782</u>	<u>239,135,311</u>	<u>335,498,491</u>	<u>233,092,026</u>	<u>232,324,326</u>	<u>227,705,622</u>	<u>213,604,727</u>
<u>\$ 14,409,951</u>	<u>\$ 27,328,900</u>	<u>\$ 124,121,274</u>	<u>\$ 31,465,098</u>	<u>\$ 38,628,344</u>	<u>\$ 32,961,600</u>	<u>\$ 16,884,726</u>

South-Western City School District  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal 2018	Fiscal 2017	Fiscal 2016 (1)	Fiscal 2015
<b>General Fund</b>				
Nonspendable	\$ 346,530	\$ 339,822	\$ 328,509	\$ 341,812
Committed	1,352,169	1,241,761	1,230,994	1,168,748
Assigned	2,493,061	1,555,702	2,275,025	1,013,339
Unassigned	203,200,027	181,962,835	164,021,064	139,248,211
Reserved	-	-	-	-
Unreserved	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 207,391,787</u></b>	<b><u>\$ 185,100,120</u></b>	<b><u>\$ 167,855,592</u></b>	<b><u>\$ 141,772,110</u></b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 87,134	\$ 85,922	\$ 81,201	\$ 86,313
Restricted	41,454,766	40,808,798	51,471,991	96,799,354
Committed	-	-	-	-
Unassigned (Deficit)	(611,851)	(624,589)	(3,457,838)	(6,280)
Reserved	-	-	-	-
Unreserved, reported in:				
Special Revenue Funds	-	-	-	-
Capital Projects Fund	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 40,930,049</u></b>	<b><u>\$ 40,270,131</u></b>	<b><u>\$ 48,095,354</u></b>	<b><u>\$ 96,879,387</u></b>

Source: School District Comprehensive Annual Financial Report

Note: The School District Implemented GASB 54 in 2011.

(1) Restated for presentation purposes

Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
\$ 361,926	\$ 309,149	\$ 328,594	\$ 321,417	\$ -	\$ -
1,223,619	1,121,869	-	-	-	-
1,533,580	1,045,417	2,740,409	1,849,870	-	-
118,095,935	98,265,212	98,023,668	77,917,544	-	-
-	-	-	-	43,789,311	34,702,439
-	-	-	-	11,527,828	(1,474,986)
<u>\$ 121,215,060</u>	<u>\$ 100,741,647</u>	<u>\$ 101,092,671</u>	<u>\$ 80,088,831</u>	<u>\$ 55,317,139</u>	<u>\$ 33,227,453</u>
\$ 191,264	\$ 132,074	\$ 89,877	\$ 181,384	\$ -	\$ -
157,782,334	174,866,472	29,426,667	32,856,497	-	-
-	-	1,022,557	1,038,265	-	-
(147,475)	(211,500)	(58,696)	(1,077)	-	-
-	-	-	-	18,140,962	16,169,375
-	-	-	-	2,913,891	2,849,640
-	-	-	-	3,947,443	853,201
<u>\$ 157,826,123</u>	<u>\$ 174,787,046</u>	<u>\$ 30,480,405</u>	<u>\$ 34,075,069</u>	<u>\$ 25,002,296</u>	<u>\$ 19,872,216</u>

South-Western City School District  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal 2018	Fiscal 2017	Fiscal 2016 (1)	Fiscal 2015	Fiscal 2014
<b>Revenues:</b>					
Local:					
Taxes	\$ 126,367,982	\$ 118,698,172	\$ 116,326,913	\$ 116,602,034	\$ 119,400,543
Tuition	4,148,739	2,188,468	1,910,843	1,594,170	1,553,110
Interest	2,460,301	1,136,521	769,495	640,471	904,617
Other Local Revenue	7,273,492	6,993,246	9,345,190	7,649,236	7,136,565
Payments in Lieu of Taxes	2,501,618	2,698,289	2,583,596	2,374,411	2,294,221
Intergovernmental	178,912,563	171,914,525	181,679,656	205,599,265	185,692,892
<b>Total Revenues</b>	<b>\$ 321,664,695</b>	<b>\$ 303,629,221</b>	<b>\$ 312,615,693</b>	<b>\$ 334,459,587</b>	<b>\$ 316,981,948</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	117,346,225	114,850,399	108,032,000	110,605,915	102,693,606
Special	50,905,365	47,574,576	42,883,900	41,452,129	38,262,981
Vocational	6,302,211	6,075,765	5,058,690	5,545,565	5,090,568
Other	2,573,152	1,520,029	1,007,640	1,016,338	990,848
Support Services:					
Pupil	13,443,488	12,870,866	11,076,667	10,675,992	10,064,950
Instructional Staff	8,651,882	8,211,240	7,140,821	7,357,771	7,649,659
Board of Education	42,885	41,295	39,832	39,662	42,800
Administration	18,951,990	19,290,782	18,209,970	18,431,619	17,076,332
Fiscal	3,343,124	4,072,908	3,668,683	3,779,585	3,940,769
Business	1,141,852	1,077,770	936,470	1,002,805	943,096
Operations and Maintenance	18,584,262	17,614,710	16,188,585	16,610,540	15,296,454
Pupil Transportation	15,823,408	15,171,030	12,893,338	12,333,623	12,078,155
Central	4,901,094	4,093,795	2,834,941	3,533,353	3,538,546
Food Service	10,929,318	10,323,686	9,355,865	8,973,023	8,569,909
Community Services	1,654,933	1,852,147	1,382,407	1,481,187	1,233,929
Shared Services	353,053	343,272	328,850	322,229	273,182
Extracurricular Activities	4,523,813	4,259,417	4,028,982	4,015,852	4,009,264
Capital Outlay	2,989,449	10,122,067	75,397,824	112,327,385	67,044,316
Debt Services:					
Principal Retirement	7,655,000	5,826,655	7,201,666	7,426,666	6,511,666
Interest and Fiscal Charges	6,989,039	9,017,507	7,665,251	7,918,034	8,183,116
Issuance Costs for Bonds and Notes	182,246	297,703	-	-	-
Advance Refunding Escrow	1,607,797	-	-	-	-
Underwriter's Discount on Bonds	-	-	-	-	-
<b>Total Expenditures</b>	<b>298,895,586</b>	<b>294,507,619</b>	<b>335,332,382</b>	<b>374,849,273</b>	<b>313,494,146</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>22,769,109</b>	<b>9,121,602</b>	<b>(22,716,689)</b>	<b>(40,389,686)</b>	<b>3,487,802</b>
<b>Other Financing Sources (Uses):</b>					
Transfers - In	839,141	13,285,540	1,059,176	1,291,078	1,291,140
Transfers - Out	(839,141)	(13,285,540)	(1,059,176)	(1,291,078)	(1,291,140)
Issuance of Refunding Bonds	10,000,000	35,800,000	-	-	-
Issuance of Qualifying School Construction Bonds	-	-	-	-	-
Issuance of General Obligation Bonds	-	-	-	-	-
Premium on the Sale of Refunding Bonds	-	6,681,610	-	-	-
Discount on the Sale of Refunding Bonds	(165,540)	-	-	-	-
Premium on the Sale of General Obligation Bonds	-	-	-	-	-
Sale of Capital Assets	-	-	16,138	-	24,688
Payment to Refunding Bond Escrow Agent	(9,651,984)	(42,183,907)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>182,476</b>	<b>297,703</b>	<b>16,138</b>	<b>-</b>	<b>24,688</b>
<b>Net Change in Fund Balances</b>	<b>\$ 22,951,585</b>	<b>\$ 9,419,305</b>	<b>\$ (22,700,551)</b>	<b>\$ (40,389,686)</b>	<b>\$ 3,512,490</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.57%</b>	<b>5.31%</b>	<b>5.65%</b>	<b>5.73%</b>	<b>5.94%</b>

Source: School District Comprehensive Annual Financial Report

(1) Restated for presentation purposes

Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
\$ 100,740,561	\$ 111,448,896	\$ 110,043,274	\$ 108,946,272	\$ 99,222,737
1,603,675	1,193,855	860,270	974,692	834,944
266,483	289,075	344,720	336,732	974,009
7,854,701	7,546,155	7,312,531	6,080,996	10,037,234
655,252	2,631,269	1,821,006	1,678,739	-
150,010,434	142,663,654	148,014,519	144,905,663	135,355,004
<u>\$ 261,131,106</u>	<u>\$ 265,772,904</u>	<u>\$ 268,396,320</u>	<u>\$ 262,923,094</u>	<u>\$ 246,423,928</u>

98,271,137	96,470,472	94,405,014	95,546,496	95,068,111
32,808,231	31,076,201	30,555,128	28,489,938	26,150,024
5,372,204	5,356,704	5,516,509	5,562,747	5,595,820
988,051	889,683	982,579	955,483	2,785,526
10,595,108	10,298,499	10,525,586	10,108,635	9,211,089
14,990,657	15,628,160	16,577,081	17,492,815	14,997,314
38,433	35,875	36,274	43,974	53,816
14,968,530	15,348,771	15,833,157	15,632,272	15,143,308
3,969,374	3,625,358	3,497,286	3,385,646	3,458,286
865,860	881,525	861,320	860,177	955,910
14,877,670	15,911,738	15,625,581	16,239,398	16,391,490
11,733,590	11,476,850	10,780,268	10,690,064	10,511,656
3,583,087	3,196,388	3,085,766	3,048,648	3,376,369
8,365,996	8,383,343	8,356,991	8,161,209	8,572,735
1,298,989	1,198,527	1,250,783	1,247,088	1,514,605
68,734	-	-	-	-
4,394,019	3,829,207	4,077,017	2,362,556	3,732,287
18,589,048	10,216,416	5,321,337	2,195,183	3,935,133
12,256,667	11,081,667	13,876,667	9,811,667	12,976,667
7,205,069	3,458,344	3,679,030	3,971,678	4,509,630
367,123	-	-	-	-
-	-	-	-	-
593,899	-	-	-	-
<u>266,201,476</u>	<u>248,363,728</u>	<u>244,843,374</u>	<u>235,805,674</u>	<u>238,939,776</u>

(5,070,370)	17,409,176	23,552,946	27,117,420	7,484,152
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1,290,220	1,462,976	1,003,065	1,069,376	1,022,766
(1,290,220)	(1,462,976)	(1,003,065)	(1,069,376)	(1,022,766)
-	-	3,490,000	-	-
-	-	6,670,000	-	-
140,250,000	-	-	-	-
-	-	32,666	-	-
-	-	-	-	-
8,711,022	-	-	-	-
64,965	-	98,853	12,346	57,808
-	-	-	-	-
<u>149,025,987</u>	<u>-</u>	<u>10,291,519</u>	<u>12,346</u>	<u>57,808</u>
<u>\$ 143,955,617</u>	<u>\$ 17,409,176</u>	<u>\$ 33,844,465</u>	<u>\$ 27,129,766</u>	<u>\$ 7,541,960</u>

7.77%	6.05%	7.24%	5.88%	7.39%
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South-Western City School District  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Collection Years

Collection Year	Real Property (1)		Tangible Personal Property (2)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2018	\$ 2,624,071,540	\$ 7,497,347,257	-	-
2017	2,340,809,230	6,688,026,371	-	-
2016	2,323,930,240	6,639,800,686	-	-
2015	2,324,059,180	6,640,169,086	-	-
2014	2,343,813,690	6,696,610,543	-	-
2013	2,291,139,940	6,546,114,114	-	-
2012	2,290,295,740	6,543,702,114	-	-
2011	2,506,723,390	7,162,066,829	13,600	-
2010	2,498,607,010	7,138,877,171	2,276,634	-
2009	2,486,984,970	7,105,671,343	4,619,246	73,907,936

Source: Franklin County Auditor

- (1) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the rules of the State Tax Commissioner.
- (2) The rate at which tangible personal property used in business is assessed for purposes of ad valorem property taxation was 6.25% in 2008 and decreased to 0% in 2009.
- (3) Assumes public utilities are assessed at true value, which is 35% of estimated actual value.
- (4) Tax rates are per \$1,000 of assessed value. The rate represents the weighted average of all the effective (assessed) rates applied by property type.

Public Utility (3)		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Effective Tax Rate (4)	
\$ 118,063,690	\$ 337,324,829	\$ 2,742,135,230	\$ 7,834,672,086	43.93	
113,591,020	324,545,771	2,454,400,250	7,012,572,142	48.00	
111,151,060	317,574,457	2,435,081,300	6,957,375,143	47.98	
109,471,420	312,775,486	2,433,530,600	6,952,944,572	48.03	
93,711,540	267,747,257	2,437,525,230	6,964,357,800	47.27	
89,546,940	255,848,400	2,380,686,880	6,801,962,514	47.19	
92,684,960	264,814,171	2,382,980,700	6,808,516,285	47.48	
82,904,850	236,871,000	2,589,641,840	7,398,937,829	43.31	
75,388,180	215,394,800	2,576,271,824	7,354,271,971	43.04	
71,470,170	204,200,486	2,563,074,386	7,383,779,765	35.55	

South-Western City School District  
Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Tax Year/ Collection Year</u>	<u>Current Levy</u>	<u>Delinquent Levy</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>
2017/2018	\$ 131,868,740	\$ 4,828,587	\$ 136,697,327	\$ 128,113,970	97.15%
2016/2017	127,452,904	5,992,234	133,445,138	123,392,135	96.81%
2015/2016	126,242,654	6,885,316	133,127,970	120,345,514	95.33%
2014/2015	125,767,041	8,809,718	134,576,759	120,112,657	95.50%
2013/2014	125,454,562	10,187,660	135,642,222	119,160,676	94.98%
2012/2013	127,062,231	11,872,872	138,935,103	114,648,769	90.23%
2011/2012	126,982,574	12,882,209	139,864,783	113,461,457	89.35%
2010/2011	125,930,322	12,918,261	138,848,583	114,860,051	91.21%
2009/2010	123,678,758	11,178,512	134,857,270	113,950,085	92.13%
2008/2009	103,732,433	11,099,246	114,831,679	93,169,566	89.82%

Source: Franklin County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.



<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>	<u>Delinquent Taxes Receivable</u>	<u>Tax Year/ Collection Year</u>
\$ 2,761,598	\$ 130,875,568	95.74%	\$ 4,120,746	2017/2018
3,566,936	126,959,071	95.14%	5,149,574	2016/2017
3,402,290	123,747,804	92.95%	6,453,803	2015/2016
3,709,510	123,822,167	92.01%	6,899,477	2014/2015
4,689,183	123,849,859	91.31%	9,088,417	2013/2014
5,979,574	120,628,343	86.82%	10,001,052	2012/2013
4,482,500	117,943,957	84.33%	13,436,877	2011/2012
3,646,269	118,506,320	85.35%	14,179,086	2010/2011
4,045,044	117,995,129	87.50%	12,424,020	2009/2010
4,646,962	97,816,528	85.18%	11,284,744	2008/2009

South-Western City School District  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Fiscal Years  
 (Per \$1,000 of Assessed Valuation)

Tax Year/ Collection Year	CITIES			SCHOOL DISTRICT				Total Direct Rate
	Franklin County	City of Columbus	City of Grove City	South-Western City School District			Unvoted General Fund	
				General Fund	Voted Bond Fund	Permanent Improvement		
2017/2018	18.92 (16.82) (17.71)	3.14 (3.14) (3.14)	3.50 (3.50) (3.50)	61.20 (30.90) (45.21)	6.10 (6.10) (6.10)	2.00 (1.77) (1.87)	3.85 (3.85) (3.85)	73.15 (42.62) (57.03)
2016/2017	18.47	3.14	3.50	61.20	6.10	2.00	3.85	73.15
2015/2016	18.47	3.14	3.50	61.20	6.10	2.00	3.85	73.15
2014/2015	18.47	3.14	3.50	61.20	6.20	2.00	3.85	73.25
2013/2014	18.47	3.14	3.50	61.20	6.20	2.00	3.85	73.25
2012/2013	18.47	3.14	3.50	61.20	6.20	2.00	3.85	73.25
2011/2012	18.07	3.14	3.50	61.20	6.50	2.00	3.85	73.55
2010/2011	18.07	3.14	3.50	61.20	5.50	2.00	3.85	72.55
2009/2010	18.07	3.14	3.50	61.20	5.40	2.00	3.85	72.45
2008/2009	18.02	3.14	3.50	53.80	5.35	2.00	3.85	65.00

Source: Franklin County Auditor - Data is presented on a collection year basis because that is the manner in which the information is maintained by the County Auditor

Figures in parenthesis reflect "effective" millage for residential/agricultural (upper) and commercial/industrial (lower) for the current collection year only.

All other figures reflect voted millage.

<u>LIBRARY</u>	<u>VILLAGES</u>		<u>TOWNSHIPS</u>				
<u>Southwest Public Library</u>	<u>Village of Harrisburg</u>	<u>Village of Urbancrest</u>	<u>Franklin Township</u>	<u>Jackson Township</u>	<u>Pleasant Township</u>	<u>Harrisburg- Pleasant Township</u>	<u>Prairie Township</u>
1.00	1.00	0.60	35.19	23.95	21.20	20.80	18.20
(1.00)	(1.00)	(0.60)	(26.73)	(11.42)	(11.41)	(11.01)	(15.85)
(1.00)	(1.00)	(0.60)	(30.87)	(11.99)	(11.42)	(11.02)	(17.01)
1.00	1.00	0.60	31.09	23.95	21.20	20.80	18.20
1.00	1.00	0.60	25.20	23.95	21.20	20.80	18.20
1.00	1.00	0.60	25.20	23.95	21.20	20.80	18.20
1.00	1.00	0.60	25.20	20.20	21.20	20.80	18.20
1.00	1.00	0.60	25.20	20.20	21.20	20.80	18.20
1.00	1.00	0.60	25.20	20.20	21.20	20.80	18.20
1.00	1.00	0.60	25.20	20.20	21.20	20.80	18.20
-	1.00	0.60	25.20	20.20	21.20	20.80	18.20
-	1.00	0.60	25.20	20.20	18.70	18.30	18.20

South-Western City School District  
Principal Taxpayers  
December 31, 2017 and December 31, 2008

	<u>December 31, 2017</u>	
	<u>Total</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>
<u>Public Utilities</u>		
Ohio Power Company	\$ 85,873,760	3.13%
AEP Ohio Transmission	16,353,150	0.60%
Columbia Gas of Ohio Inc.	12,603,250	0.46%
<u>Real Estate</u>		
GLP Capital LP	\$ 53,030,230	1.93%
Wal Mart Stores Inc.	10,855,530	0.40%
Big Lots Stores Inc.	9,066,830	0.33%
5330 Crosswind LLC	8,899,600	0.32%
Security Capital Industrial Trust	8,624,020	0.31%
Parkway Centre East LLC	7,434,000	0.27%
Dugan Realty LLC	7,429,810	0.27%
Ohio Becknell Investors 2007 LLC	7,280,010	0.27%
RG Townhomes LLC	5,869,370	0.21%
Plymouth 3500 Southwest LLC	5,740,000	0.21%
All Others	<u>2,503,075,670</u>	<u>91.29%</u>
Total Assessed Valuation	<u><u>\$ 2,742,135,230</u></u>	<u><u>100.00%</u></u>

Source: Franklin County Auditor's Office. This is the latest information available.

Note: Personal property was phased out and therefore not presented for the current period.

	<u>December 31, 2008</u>	
	<u>Total</u>	<u>% of Total</u>
	<u>Assessed</u>	<u>Assessed</u>
	<u>Valuation</u>	<u>Valuation</u>
<u>Public Utilities</u>		
Columbus Southern Power Company	\$ 62,442,240	2.44%
Columbia Gas of Ohio Inc.	5,934,850	0.23%
<u>Real Estate</u>		
Wingates LLC	\$ 12,351,550	0.48%
Big Lots Stores Inc.	11,860,000	0.46%
Wal Mart Stores Inc.	11,704,280	0.46%
Distribution Funding III	8,888,090	0.35%
Dispatch Printing Co.	8,750,000	0.34%
PCCP IRG Columbus LLC	7,700,010	0.30%
Matrix Harvest Glenn LLC	5,688,180	0.22%
Sune Life Assurance	5,425,010	0.21%
Avalon Oaks LLC	4,866,940	0.19%
Feder Road Associates	4,725,000	0.18%
All Others	<u>2,412,738,236</u>	<u>94.14%</u>
Total Assessed Valuation	<u>\$ 2,563,074,386</u>	<u>100.00%</u>
<u>Tangible Personal Property</u>		
Medco Health Solutions Inc.	\$ 6,858,620	
Wal Mart Stores	4,605,930	
Big Lots Stores Inc.	4,301,660	
Masterfoods USA	3,752,400	
Ohio Bell Telephone Company	3,738,370	
Ohio Machinery Co.	2,749,000	
Tosoh S M D Inc.	2,361,440	
Dispatch Printing Company	2,279,120	
Citicorp Credit Services, Inc.	1,812,950	
IBM Credit, LLC	1,659,090	

South-Western City School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Year	(1) Net General Obligation Bonds	(1) Energy Conservation Bonds	(1) Technical Equipment Loan	Total Primary Government	(2) Percentage of Personal Income	(3) Per Capita	(4) Per ADM
2018	\$ 167,682,460	\$ 6,670,000	\$ -	\$ 174,352,460	not available	\$ 1,228.29	\$ 7,895.68
2017	176,457,390	6,670,000	-	183,127,390	not available	1,331.95	8,459.71
2016	185,081,271	6,670,000	66,666	191,817,937	6.04%	1,408.03	9,028.43
2015	192,400,545	6,670,000	133,332	199,203,877	6.46%	1,467.81	9,630.35
2014	199,480,067	7,140,000	199,998	206,820,065	7.01%	1,536.25	10,120.87
2013	205,731,014	7,590,000	266,664	213,587,678	7.36%	1,599.44	10,565.80
2012	68,865,329	8,020,000	333,331	77,218,660	2.81%	579.13	3,846.32
2011	79,586,502	8,435,000	399,998	88,421,500	3.34%	664.24	4,444.63
2010	89,585,321	2,165,000	466,665	92,216,986	3.62%	693.89	4,624.72
2009	99,051,609	2,550,000	533,332	102,134,941	4.10%	769.20	4,921.93

Sources:

- (1) Per District records
- (2) Personal Income provided by Ohio Department of Taxation
- (3) Population estimates provided by Ohio Municipal Advisory Council and Mid Ohio Regional Planning Commission
- (4) ADM per District records

South-Western City School District  
Ratios of General Bonded Debt Outstanding  
Last Ten Collection Years

Year	(1) (6) Assessed Value	(2) (5) Gross Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	(3) Net Bonded Debt Per Capita	(4) Net Bonded Debt Per ADM
2018	\$ 2,742,135,230	\$ 174,352,460	6.36%	\$ 1,228.29	\$ 7,895.68
2017	2,454,400,250	183,127,390	7.46%	1,331.95	8,459.71
2016	2,435,081,300	191,751,271	7.87%	1,407.55	9,025.29
2015	2,433,530,600	199,070,545	8.18%	1,466.83	9,623.91
2014	2,437,525,230	206,620,067	8.48%	1,534.76	10,111.09
2013	2,380,686,880	213,321,014	8.96%	1,597.44	10,552.61
2012	2,382,980,700	76,885,329	3.23%	576.63	3,829.71
2011	2,589,641,840	88,021,502	3.40%	661.24	4,424.53
2010	2,576,271,824	91,750,321	3.56%	690.38	4,601.32
2009	2,563,074,386	101,601,609	3.96%	765.18	4,896.23

Sources:

- (1) Franklin County Auditor
- (2) Per District records - Includes Energy Conservation Bonds
- (3) Population estimates provided by Ohio Municipal Advisory Council and Mid Ohio Regional Planning Commission
- (4) ADM per District records
- (5) Although the Debt Service Fund is restricted for debt service, it is not specifically restricted to the payment of principal  
Therefore, these revenues are not shown as a deduction from general obligation bonded debt
- (6) Although the Debt Service Fund is restricted for debt service, it is not specifically restricted to the payment of principal  
Therefore, these resources are not shown as a deduction from general obligation bonded debt

South-Western City School District  
 Computation of Direct and Overlapping Governmental Activities Debt  
 June 30, 2018

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Percent Applicable to School District</u>	<u>Amount Applicable to School District</u>
Direct:			
South-Western City School District	\$ 174,352,460	100.00%	\$ 174,352,460
Indirect:			
Franklin County	\$ 220,270,000	9.08%	\$ 20,000,516
City of Columbus	1,621,662,107	6.16%	99,894,386
City of Grove City	25,477,500	100.00%	25,477,500
Prairie Township	<u>9,500,000</u>	71.86%	<u>6,826,700</u>
Total Overlapping Debt	<u>\$ 1,876,909,607</u>		<u>\$ 152,199,102</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,051,262,067</u></u>		<u><u>\$ 326,551,562</u></u>

Note: Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivisions. The valuations used were for the 2017 collection year.

Source: Franklin County Auditor



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South-Western City School District  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years

Assessed Valuation	\$ 2,742,135,230
Bonded Debt Limit - 9% of Assessed Value	\$ 246,792,171
Amount of Debt Applicable to 9% Debt Limit:	<u>162,040,000</u>
9% Voted Debt Margin	<u>\$ 84,752,171</u>
Bonded Debt Limit - .10% of Assessed Value	\$ 2,742,135
Amount of Debt Applicable to .10% Debt Limit	<u>-</u>
.10% Unvoted Debt Margin	<u>\$ 2,742,135</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Limit	\$ 246,792,171	\$ 220,896,023	\$ 219,157,317	\$ 219,017,754
Total Net Debt Applicable to Limit	<u>162,040,000</u>	<u>169,695,000</u>	<u>180,959,989</u>	<u>188,094,989</u>
Legal Debt Margin	<u>\$ 84,752,171</u>	<u>\$ 51,201,023</u>	<u>\$ 38,197,328</u>	<u>\$ 30,922,765</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	65.66%	76.82%	82.57%	85.88%

Source: Franklin County Auditor and School District financial records

Note: Voted debt margins are determined without reference of applicable monies in the District's Bond Retirement Fund.

2014	2013	2012	2011	2010	2009
\$ 219,377,271	\$ 214,261,819	\$ 214,468,263	\$ 233,067,766	\$ 231,864,464	\$ 230,676,695
195,454,989	201,899,989	73,839,989	84,854,989	88,504,989	98,249,989
<u>\$ 23,922,282</u>	<u>\$ 674,141</u>	<u>\$ 137,249,603</u>	<u>\$ 144,646,266</u>	<u>\$ 139,647,478</u>	<u>\$ 128,541,754</u>
89.10%	94.23%	34.43%	36.41%	38.17%	42.59%

South-Western City School District  
 Staffing Statistics - Full Time Equivalents (FTE) by Type and Function  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Teaching Staff</b>						
Regular Education	997.26	985.76	971.76	925.49	921.99	914.21
Special Education	346.70	335.30	323.80	309.30	305.50	294.30
Vocational Education	52.00	53.00	50.50	52.50	55.50	55.00
Tutors	56.00	55.87	58.50	58.50	56.50	56.50
<b>Administrators</b>						
Buildings/Departments	99.00	99.00	99.00	100.00	100.00	100.00
<b>Other Positions</b>						
Psychologists	14.80	14.80	13.80	12.80	12.80	12.30
Nurses	9.40	9.40	9.40	9.40	9.40	8.95
Speech	27.00	22.40	18.40	19.20	19.10	17.60
OT/PT	20.60	17.60	11.20	12.80	12.80	12.00
Adapted Physical Education Therapist	4.00	4.00	4.00	3.00	3.00	3.00
Sign Interpreter	3.00	3.00	3.00	3.00	1.00	2.00
Social Worker	-	-	-	0.50	0.50	0.50
Counselors	25.00	25.00	25.00	25.00	25.00	25.00
Library Media Specialists	4.00	4.00	4.00	3.00	4.00	4.00
Other Professionals	10.00	11.00	12.00	13.00	11.00	11.00
<b>Support Staff</b>						
Technology	9.00	9.00	9.00	8.00	10.00	10.00
Aides	318.17	302.17	297.00	290.00	275.50	281.03
Accounting	9.00	9.00	9.00	9.00	9.00	9.00
Clerical	107.50	107.50	108.50	109.50	108.00	108.00
Custodial	106.67	105.00	101.50	104.00	102.00	105.00
Printer	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance	27.00	30.00	30.00	27.00	29.00	29.00
Mechanics	8.00	7.00	8.00	8.00	7.00	8.00
Bus Drivers	168.00	165.00	164.00	158.00	150.00	155.00
Food Service Transporters	-	-	-	3.00	3.00	3.00
Cooks	141.88	137.36	128.09	128.93	129.76	127.93
Hall Monitors	33.85	32.78	34.38	33.79	34.89	33.42
Recreation Center	10.50	9.00	9.00	10.50	11.50	13.50
Athletic Trainer	-	-	-	-	0.50	0.50
<b>Total</b>	<u>2,609.33</u>	<u>2,554.94</u>	<u>2,503.83</u>	<u>2,438.21</u>	<u>2,409.24</u>	<u>2,400.74</u>

**Function**

<b>Instructional</b>						
Regular and Special	1,659.19	1,620.01	1,595.19	1,528.99	1,506.49	1,317.69
<b>Support Services</b>						
Pupil	129.33	122.86	114.12	115.96	116.82	114.50
Instructional Staff	70.37	71.25	65.50	70.50	84.00	259.88
Administration	168.30	167.17	167.50	169.00	154.20	153.70
Fiscal	13.00	13.00	13.00	13.00	13.00	13.00
Business	2.00	2.00	2.00	2.00	2.00	2.00
Operation and Maintenance	155.59	158.03	155.12	154.09	154.22	156.99
Pupil Transportation	225.00	221.00	221.50	210.50	201.00	206.00
Central	22.00	20.00	20.00	19.00	20.00	20.00
Food Service	146.55	142.36	133.09	136.18	137.01	135.18
Community Services	14.00	13.27	12.80	15.00	16.00	17.30
Extracurricular Activities	4.00	4.00	4.00	4.00	4.50	4.50
<b>Total</b>	<u>2,609.33</u>	<u>2,554.94</u>	<u>2,503.81</u>	<u>2,438.21</u>	<u>2,409.24</u>	<u>2,400.74</u>

Source: School District Records

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
915.18	909.78	926.33	934.04
284.30	283.25	270.75	254.75
55.50	56.50	59.00	59.50
56.40	56.40	65.75	56.00
100.50	100.50	100.00	105.00
12.30	11.30	12.80	12.80
8.95	8.95	8.90	9.40
19.60	19.20	19.70	18.80
11.10	11.70	10.40	10.30
3.00	3.00	3.00	3.00
3.00	3.00	3.00	4.00
0.50	0.50	0.50	0.50
25.00	25.00	25.00	24.50
4.00	4.00	4.00	4.00
11.00	14.00	13.00	12.50
10.00	10.00	11.00	13.00
279.08	286.28	288.16	290.50
9.00	9.00	8.00	8.00
109.00	108.00	108.00	115.00
102.00	103.00	116.00	116.50
1.00	1.00	1.00	1.00
29.00	29.00	30.00	31.00
8.00	8.00	8.00	8.00
153.00	148.00	152.00	160.00
3.00	3.00	3.00	3.00
128.18	128.17	134.76	132.74
41.10	39.16	38.56	43.00
14.00	14.00	13.50	14.00
0.50	0.50	0.50	1.00
<u>2,397.19</u>	<u>2,394.19</u>	<u>2,434.61</u>	<u>2,445.83</u>
1,310.73	1,304.93	1,320.08	1,322.54
119.91	117.50	116.76	124.47
259.21	270.93	270.31	253.35
154.92	154.40	154.35	161.15
13.00	13.00	12.00	12.00
2.00	2.00	2.00	3.00
157.69	158.19	171.64	177.08
202.50	195.50	201.00	208.00
20.00	20.00	21.00	21.50
134.93	134.92	142.26	138.74
17.80	17.82	18.21	19.75
4.50	5.00	5.00	4.25
<u>2,397.19</u>	<u>2,394.19</u>	<u>2,434.61</u>	<u>2,445.83</u>

South-Western City School District  
 Operating Expenditures Necessary to Educate  
 a District Student for Graduation in June, 2018  
 (Actual Dollars Expended by Year)

	Grade	South-Western	State Average	Franklin County
	<u>Level</u>	<u>City School</u>	<u>for All</u>	<u>Average</u>
		<u>District</u>	<u>School Districts</u>	
2005-06	K	\$ 10,170	\$ 8,727	\$ 10,275
2006-07	1	8,876	9,283	10,655
2007-08	2	9,336	9,388	11,079
2008-09	3	9,627	10,184	11,428
2009-10	4	9,893	10,512	11,908
2010-11	5	10,397	10,571	12,018
2011-12	6	10,273	10,508	11,998
2012-13	7	10,388	10,526	11,684
2013-14	8	10,386	10,913	11,854
2014-15	9	10,451	10,984	11,993
2015-16	10	10,274	11,164	11,901
2016-17	11	10,502	11,605	12,194
2017-18	12	not available	not available	not available
Total		<u>\$ 120,573</u>	<u>\$ 124,365</u>	<u>\$ 138,987</u>

Source: District Financial Records and the Ohio Department of Education

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South-Western City School District  
 Operating Indicators by Function  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Function-Governmental Activities					
Instruction and Support Services - Pupils					
Graduates	1,472	1,390	1,401	1,522	1,281
% of Students with IEP	15.8%	14.9%	16.0%	15.5%	14.6%
% of Limited English Proficient Students	13.3%	11.1%	14.0%	13.1%	15.6%
Student Attendance	0.0%	93.3%	93.6%	93.6%	94.3%
Fiscal					
Purchase Orders Processed	15,031	15,802	15,448	15,439	15,703
Nonpayroll Checks Issued	9,410	10,156	11,509	11,329	11,815
Operations and Maintenance					
Work Orders Completed	10,206	7,850	8,137	7,150	9,850
District Square Footage Maintained by Staff (in thousands)	3,103	3,103	2,890	2,890	2,800
District Acreage Maintained by Staff	669	669	669	669	669
Pupil Transportation					
Average Number of Students Transported Each Day	14,500	14,154	14,302	13,756	13,568
Average Daily Miles driven Each Day	17,201	15,637	15,210	14,745	14,745
Food Service					
Meals Served to Students:					
Breakfast	1,189,164	1,025,365	918,050	763,187	729,398
Lunch	2,311,550	2,310,063	2,272,435	2,100,808	2,086,810
Number of Free and Reduced Students	13,600	12,903	12,438	12,527	11,638
Extracurricular Activities					
High School Varsity Teams *	66	66	66	66	66

\* District Sports offered for Winter and Spring season only in Fiscal Year 2010

Source: School District Records and Ohio Department of Education Report Card Data



<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010 *</u>	<u>2009</u>
1,250	1,305	1,263	1,287	1,212
14.5%	15.3%	14.5%	14.3%	14.4%
16.0%	12.4%	10.9%	14.1%	12.4%
94.1%	94.4%	94.3%	94.2%	93.9%
16,708	16,748	17,653	16,015	17,186
12,661	13,152	13,319	13,353	15,970
10,349	7,151	14,955	8,701	7,858
2,800	2,800	2,800	2,800	2,800
669	610	610	610	610
13,231	12,636	12,314	12,134	13,823
13,756	13,033	12,602	12,886	12,958
716,094	704,846	622,072	576,270	583,161
2,128,765	2,235,348	2,175,309	2,181,936	2,263,668
11,405	10,996	10,605	10,427	10,126
65	65	64	37	65

South-Western City School District  
 Capital Assets by Function/Program  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Governmental Activities</b>							
<b>Instruction</b>							
Land	\$ 6,720,965	\$ 6,720,965	\$ 6,720,965	\$ 6,720,965	\$ 6,720,965	\$ 6,720,965	\$ 4,794,159
Buildings	338,588,706	338,280,643	280,278,779	182,061,641	139,654,408	141,389,904	141,582,072
Improvements to Land	31,977,540	31,469,418	23,920,981	6,768,432	1,115,928	1,044,772	1,044,772
Furniture and Equipment	1,781,682	1,798,361	1,824,662	1,468,616	1,315,351	1,323,658	653,992
<b>Special</b>							
Buildings	923,340	947,974	942,086	942,086	942,086	942,086	942,086
Improvements to Land	9,688	9,688	9,688	43,595	43,595	43,595	43,595
Furniture and Equipment	181,535	209,000	218,902	218,902	236,434	225,110	334,673
Vehicle	40,796	40,796	40,796	40,796	40,796	40,796	40,796
<b>Vocational</b>							
Land	994,583	994,583	994,583	994,583	994,583	994,583	994,583
Buildings	18,376,748	18,361,528	18,305,935	18,305,935	18,305,935	18,305,935	18,178,118
Improvements to Land	20,555	20,555	20,555	20,555	20,555	20,555	20,555
Furniture and Equipment	1,390,877	1,260,758	1,240,079	1,231,929	1,246,452	1,146,172	1,023,836
Vehicle	17,151	17,151	17,151	17,151	17,151	17,151	17,151
<b>Other</b>							
Furniture and Equipment	37,990	32,230	-	-	-	-	-
<b>Support Services:</b>							
<b>Pupil</b>							
Furniture and Equipment	12,906	7,410	7,410	7,410	7,410	7,410	7,410
<b>Instructional Staff</b>							
Furniture and Equipment	474,288	474,288	474,288	497,691	495,351	501,410	501,410
<b>Administration</b>							
Land	570,242	570,242	570,242	570,242	570,242	570,242	570,242
Buildings	5,182,521	5,182,521	5,182,521	5,193,143	5,180,148	5,180,148	5,180,148
Improvements to Land	491,320	491,320	491,320	491,320	491,320	491,320	491,320
Furniture and Equipment	515,044	530,793	585,624	602,632	602,632	614,947	654,217
<b>Fiscal</b>							
Furniture and Equipment	-	-	-	10,592	10,592	10,592	10,592
<b>Business</b>							
Furniture and Equipment	16,929	16,929	16,929	-	-	-	-
<b>Operations and Maintenance</b>							
Land	20,375	20,375	20,375	20,375	20,375	20,375	20,375
Buildings	280,873	280,873	270,565	96,598	96,598	96,598	96,598
Improvements to Land	34,258	34,259	34,259	13,759	13,759	13,759	13,759
Furniture and Equipment	1,094,290	1,027,529	933,116	815,003	944,510	867,563	885,257
Vehicle	1,693,981	1,531,936	1,454,859	1,493,009	1,345,598	1,243,976	1,210,896
<b>Transportation</b>							
Land	172,546	172,546	172,546	172,546	172,546	172,546	172,546
Buildings	1,169,891	1,169,891	1,169,891	1,135,561	1,135,561	1,135,561	1,135,561
Improvements to Land	702,185	712,469	712,469	712,469	712,469	661,648	661,648
Furniture and Equipment	120,013	120,013	120,013	120,013	120,013	134,476	120,013
Vehicle	97,300	97,300	97,300	97,300	97,300	150,967	150,967
Buses	16,117,705	15,400,243	15,785,195	14,815,993	13,804,273	12,950,298	12,009,460
<b>Central</b>							
Buildings	30,846,641	30,832,060	31,263,325	31,272,775	31,305,242	31,315,742	31,315,742
Improvements to Land	263,455	295,560	402,881	1,582,224	2,941,846	3,096,369	3,228,911
Furniture and Equipment	878,137	745,047	661,247	697,256	677,573	666,865	620,561
Vehicle	-	19,860	68,173	68,173	68,173	68,173	68,173
<b>Food Service</b>							
Buildings	22,213	22,213	22,213	22,213	22,213	22,213	22,213
Improvements to Land	-	8,200	8,200	8,200	8,200	8,200	8,200
Furniture and Equipment	3,747,374	3,715,084	3,789,365	2,394,959	1,978,218	1,971,016	1,993,247
Vehicle	69,625	87,065	104,498	104,498	104,498	104,498	104,498
<b>Community Services</b>							
Land	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Buildings	7,555,325	7,488,836	7,445,294	7,236,635	7,502,648	7,502,648	7,368,561
Improvements to Land	210,304	210,304	210,304	240,666	235,066	235,066	235,066
Furniture and Equipment	279,587	279,587	267,923	267,923	267,923	267,923	272,933
<b>Extracurricular Activities</b>							
Buildings	3,473,883	3,463,190	3,445,520	3,041,671	3,046,988	3,046,988	3,120,319
Improvements to Land	3,234,571	3,265,101	3,200,707	2,293,100	943,847	943,847	412,688
Furniture and Equipment	951,147	727,449	720,906	348,590	341,380	341,380	331,186
Vehicle	5,626	5,626	5,626	5,626	-	-	-
<b>Total</b>	<u>\$ 481,566,711</u>	<u>\$ 479,369,769</u>	<u>\$ 414,450,266</u>	<u>\$ 295,485,351</u>	<u>\$ 246,118,751</u>	<u>\$ 246,830,046</u>	<u>\$ 242,865,105</u>

Source: District Capital Asset Records

<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,794,159	\$ 4,794,159	\$ 4,794,159
138,501,697	138,702,141	138,935,001
973,718	890,517	734,182
639,032	431,640	418,678
1,006,835	1,006,835	1,006,835
43,595	43,595	43,595
334,673	202,223	202,223
40,796	-	-
994,583	994,583	994,583
18,178,118	18,178,118	18,178,118
20,555	40,880	40,880
1,036,056	1,040,220	955,188
17,151	17,151	-
-	-	-
7,410	7,410	13,215
507,010	500,121	500,121
570,242	570,242	570,242
5,147,081	5,147,081	5,147,081
491,320	491,320	491,320
612,743	609,851	603,856
10,592	10,592	10,592
-	-	-
20,375	20,375	20,375
96,598	96,598	96,598
13,759	13,759	13,759
844,261	841,709	803,073
1,219,242	1,352,865	1,265,116
172,546	172,546	172,546
1,135,561	1,135,561	1,135,561
661,648	661,648	639,097
97,677	97,677	97,677
150,967	120,721	120,721
11,181,380	11,686,091	11,806,858
31,245,335	31,144,487	31,090,861
3,292,065	3,430,085	3,504,947
554,812	496,264	442,531
68,173	68,173	68,173
22,213	22,213	22,213
8,200	8,200	-
1,993,247	1,998,359	1,952,329
104,498	99,315	71,025
200,000	200,000	200,000
7,368,561	7,368,561	7,368,561
235,066	235,066	243,266
272,933	272,933	272,933
3,115,239	3,108,519	3,108,519
476,762	465,764	465,764
319,052	275,562	275,516
-	-	-
<u>\$ 238,797,536</u>	<u>\$ 239,071,730</u>	<u>\$ 238,897,888</u>

South-Western City School District  
Facility Inventory

		<u>Original Construction</u>	<u>Addition (s) Date (s)</u>	<u>Building Area (Sq. Ft.)</u>	<u>Acreage</u>	<u>Student Capacity</u>
<b><u>Elementary Schools</u></b>						
Alton Hall	Basic	2014		69,984	9.09	600
Bolton Crossing	Basic	2015		61,615	43.38	520
Buckeye Woods	Basic	1995		68,000	19.11	725
Darbydale	Basic	2015		49,875	7.12	400
Darby Woods	Basic	1995		68,000	8.80	725
East Franklin	Basic	1956	1963, 1997	36,638	6.28	450
Finland	Basic	2015		61,615	8.60	520
Harmon	Basic	2014		69,984	16.26	600
Highland Park	Basic	2016		69,984	14.59	600
Monterey	Basic	2014		61,615	5.60	600
Prairie Lincoln	Basic	2016		69,984	19.41	600
Prairie Norton	Basic	2014		69,984	5.45	600
Richard Ave.	Basic	2016		61,615	10.44	520
J. C. Sommer	Basic	2015		69,984	8.70	600
Stiles	Basic	2015		69,984	10.77	600
West Franklin	Basic	2016		69,984	9.70	600
<b><u>Intermediate Schools</u></b>						
Franklin Woods	Basic	2000		87,981	21.45	800
Galloway Ridge	Basic	2000		87,981	6.51	800
Holt Crossing	Basic	2000		87,981	20.70	800
Park Street	Basic	2000		87,981	12.71	800
Hayes	Basic	1966	1981,1982,1986, 2003	58,677	10.85	520
<b><u>Middle Schools</u></b>						
Brookpark	Basic	1953	1997	82,422	14.93	725
Finland	Basic	1964	1975, 1995	91,098	17.30	786
Jackson	Basic	2001		99,597	28.14	800
Norton	Basic	1953	1995	87,204	15.00	680
Pleasant View	Basic	1958	1963	138,702	39.88	924
<b><u>High Schools</u></b>						
Central Crossing	Basic	2002		260,716	63.81	1,880
Franklin Heights	Basic	2015		171,310	37.02	930
Grove City	Basic	1970	1976, 1983, 1985,2000	198,348	52.30	1,843
Westland	Basic	1970	1976, 1982, 1985, 2000	197,154	51.79	1,861
<b><u>Additional Schools</u></b>						
Kingston	Basic	1949		13,180	2.00	70
Preschool Center	Basic	1950	2004	10,000	0.75	60
South-Western Career Academy	Basic	2002		130,156	22.10	750

South-Western City School District  
 Facility Inventory

		<u>Original Construction</u>	<u>Addition (s) Date (s)</u>	<u>Building Area (Sq. Ft.)</u>	<u>Acreage</u>	<u>Student Capacity</u>
<b><u>Recreation Centers</u></b>						
Falcons Nest	Basic	1986		37,507		
Grove City	Basic	1986		37,507		
Cougar Community	Basic	1986		37,507		
<b><u>Miscellaneous</u></b>						
District Service Center	Basic	1981	1989, 1995, 2002	70,000	3.30	<u>Occupancy</u> 350
Transportation	Basic	1986		16,594	13.00	109
2 Houses - offices	Basic	1960 est		5,000	1.00	8
Norton Road Head Start	Basic	1975		4,300	0.70	46
Stiles Family Center	Basic	1994		4,510	1.20	206
Tech Services - Garage	Basic	1960 est		2,000	0.50	3
Bostic Center - Head Start	Basic	1973	2003	13,105	1.61	115

South-Western City School District  
 Educational Statistics  
 Last Ten Fiscal Years

Percentage of Students Passing:	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
<u>3rd Grade</u>					
Mathematics	57.6%	61.8%	60.5%	59.2%	79.7%
Reading	52.0%	53.6%	47.0%	68.9%	78.2%
<u>4th Grade</u>					
Mathematics	67.6%	74.7%	65.7%	66.1%	75.1%
Reading	60.1%	57.5%	52.8%	78.4%	80.7%
Social Studies	0.0%	72.5%	68.7%	69.7%	N/A
<u>5th Grade</u>					
Mathematics	62.5%	63.0%	62.2%	66.3%	68.1%
Reading	66.0%	69.0%	57.6%	76.1%	66.5%
Science	66.2%	68.6%	61.9%	57.6%	58.3%
<u>6th Grade</u>					
Mathematics	62.7%	61.7%	58.5%	68.7%	79.7%
Reading	58.4%	62.2%	52.4%	77.4%	83.3%
Social Studies	0.0%	58.0%	54.9%	51.1%	N/A
<u>7th Grade</u>					
Mathematics	58.6%	51.8%	50.3%	64.0%	73.5%
Reading	59.8%	55.8%	48.3%	72.2%	83.0%
<u>8th Grade</u>					
Mathematics	44.9%	48.4%	54.6%	61.9%	81.3%
Reading	51.2%	43.2%	41.2%	70.6%	87.5%
Science	64.2%	65.1%	63.5%	70.7%	66.3%
High School End of Course					
Government	73.3%	63.6%	63.3%	48.5%	N/A
History	76.9%	63.6%	70.0%	58.1%	N/A
Physical Science	0.0%	36.4%	NC	62.7%	N/A
English I	68.1%	51.8%	46.0%	75.7%	N/A
English II	65.4%	48.7%	39.0%	NC	N/A
Algebra I	57.1%	38.3%	40.8%	57.7%	N/A
Geometry	48.1%	35.3%	35.4%	96.3%	N/A
Biology	73.7%	49.6%	59.1%	N/A	N/A
<u>Student Attendance Rate</u>	92.5%	93.3%	93.6%	93.4%	94.3%

Source: State of Ohio School District Report Card.  
 NC - Scores not counted

Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
74.1%	78.2%	79.8%	70.5%	75.2%
72.6%	74.3%	75.2%	70.1%	70.5%
78.7%	79.9%	78.3%	73.3%	77.1%
85.0%	79.3%	80.9%	74.7%	75.2%
N/A	N/A	N/A	N/A	N/A
64.9%	67.4%	66.2%	68.1%	60.4%
69.2%	73.1%	71.1%	69.1%	67.2%
60.5%	65.3%	65.5%	63.6%	66.8%
76.1%	83.0%	82.2%	79.6%	77.0%
81.8%	85.4%	85.1%	85.1%	78.5%
N/A	N/A	N/A	N/A	N/A
74.5%	75.5%	75.1%	68.3%	71.2%
77.0%	78.2%	75.4%	75.6%	72.7%
78.4%	77.7%	73.8%	66.1%	70.1%
85.7%	82.6%	83.0%	76.9%	66.6%
65.1%	71.8%	67.1%	62.8%	59.5%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
94.1%	94.4%	94.3%	94.2%	93.9%

South-Western City School District  
Attendance Data  
Last Ten Fiscal Years

<u>School Year End</u>	<u>Number Of Graduates</u>	<u>Elementary Schools Enrollment</u>	<u>Intermediate Schools Enrollment</u>	<u>Middle Schools Enrollment</u>	<u>High Schools Enrollment</u>	<u>Total Enrollment</u>
2018	1,472	8,573	3,350	3,315	6,844	22,082
2017	1,390	8,301	3,305	3,292	6,749	21,647
2016	1,401	8,155	3,159	3,330	6,602	21,246
2015	1,522	7,807	3,085	3,289	6,504	20,685
2014	1,281	7,709	3,131	3,270	6,325	20,435
2013	1,250	7,480	3,155	3,212	6,368	20,215
2012	1,305	7,396	3,172	3,202	6,306	20,076
2011	1,263	7,328	3,113	3,224	6,229	19,894
2010	1,287	7,431	3,212	3,212	6,085	19,940
2009	1,212	7,728	3,292	3,220	6,511	20,751

Source: Education Management Information System  
and District Student Data Base



South-Western City School District  
 Demographics  
 Last Ten Fiscal Years

<u>Year</u>	(1) <u>Estimated Population</u>	(2) <u>Average Daily Membership</u>	(3) <u>Average Federal Adjusted Gross Income</u>	(3) <u>Total Federal Adjusted Gross Income</u>	(4) <u>Unemployment Rate</u>
2018	141,947	22,082	not available	not available	3.80%
2017	137,488	21,647	not available	not available	3.80%
2016	136,231	21,246	\$ 50,080	\$ 3,176,967,282	3.90%
2015	135,715	20,685	49,736	3,085,188,297	3.60%
2014	134,627	20,435	48,340	2,951,516,885	4.30%
2013	133,539	20,215	47,076	2,901,095,182	6.10%
2012	133,335	20,076	46,196	2,751,824,091	5.80%
2011	133,116	19,894	44,836	2,649,287,890	7.60%
2010	132,899	19,940	44,239	2,546,177,056	8.30%
2009	132,781	20,751	43,933	2,492,962,534	8.20%

Sources:

- (1) Ohio Municipal Advisory Council and Mid Ohio Regional Planning Commission  
 2011 Population information is based on 2010 Census Data
- (2) Per District records - October Count
- (3) Ohio Department of Taxation
- (4) September or October Data of Ohio Bureau of Employment Services or Ohio Department  
 of Jobs and Family Services. Specific employment figures for the School District are not  
 available. Unemployment percentages presented are for Franklin County and are not  
 seasonally adjusted.

South-Western City School District  
Principal Employers - City of Grove City  
Calendar Year 2017 and 2008

Employer	2017			Employer	2008		
	Number of Employees	Rank	Percentage of Total Employment		Number of Employees	Rank	Percentage of Total Employment
Wal-Mart Associates, Inc	1,442	1	5.93%	South-Western City School District	1,899	1	6.74%
South-Western City School District	1,213	2	4.99%	The Gap, Inc.	1,269	2	4.51%
FedEx Ground Package Systems, Inc.	1,100	3	4.52%	Wal-Mart Associates, Inc	1,073	3	3.81%
Pier 1 Imports	491	4	2.02%	FedEx Ground Package Systems, Inc.	675	4	2.40%
Halcore Group, Inc.	445	5	1.83%	Nationwide	488	5	1.73%
Manheim Remarketing, Inc.	366	6	1.51%	Manheim Corporate Services/Ohio Auto Auction	458	6	1.63%
Wal-Mart Super Center	314	7	1.29%	Wal-Mart Super Center	450	7	1.60%
Tigerpoly Manufacturing, Inc.	303	8	1.25%	The Buckeye Ranch	390	8	1.39%
Tosoh SMD, Inc.	294	9	1.21%	Halcore Group	389	9	1.38%
Nationwide Mutual Insurance Co.	275	10	1.13%	Tigerpoly Manufacturing, Inc.	373	10	1.32%
Total Employees from Top Ten Employers	6,243		25.68%	Total Employees from Top Ten Employers	7,464		26.51%
All Other Employers	18,075		74.32%	All Other Employers	20,693		73.49%
Total Employees	24,318		100.00%	Total Employees	28,157		100.00%

Source: City of Grove City Comprehensive Annual Financial Report

South-Western City School District is located in the southwest quadrant of Franklin County which encompasses the City of Grove City, portions of the City of Columbus and multiple townships.

South-Western City School District  
Principal Employers - Greater Columbus Area  
Calendar Year 2017

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Ohio State University	30,804	1	2.93%
State of Ohio	24,067	2	2.29%
Kroger Co.	22,821	3	2.17%
Ohio Health	21,117	4	2.01%
JP Morgan Chase & Co.	18,600	5	1.77%
Nationwide	14,100	6	1.34%
Nationwide Children's Hospital	10,032	7	0.95%
Mount Carmel Health System	8,852	8	0.84%
City of Columbus	8,815	9	0.84%
Columbus City Schools	8,004	10	0.76%
L. Brands Inc.	7,800	11	0.74%
Honda North America, Inc.	7,700	12	0.73%
Franklin County	7,040	13	0.67%
Huntington Bancshares, Inc.	5,848	14	0.56%
Cardinal Health Inc.	5,197	15	0.49%
American Electric Power Company, Inc.	4,015	16	0.38%
U.S. Postal Service	3,598	17	0.34%
Giant Eagle Inc.	3,540	18	0.34%
Alliance Data	3,057	19	0.29%
Abercrombie & Fitch Co.	2,895	20	0.28%
South-Western City School District	2,553	21	0.24%
YMCA of Central Ohio	2,518	22	0.24%
DLA Land and Maritime	2,500	23	0.24%
Verizon	2,406	24	0.23%
Discover Financial Services LLC	2,394	25	0.23%

Source: City of Columbus Comprehensive Annual Financial Report

South-Western City School District is located in the southwest quadrant of Franklin County which encompasses the City of Grove City, portions of the City of Columbus and multiple townships.

South-Western City School District  
 Principal Employers - Greater Columbus Area  
 Calendar Year 2008

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
State of Ohio	24,492	1	2.58%
Ohio State University	21,107	2	2.23%
JPMorgan Chase & Co.	14,689	3	1.55%
Nationwide	11,441	4	1.21%
Federal Government/United States Postal Services (1)	10,726	5	1.14%
Ohio Health	10,592	6	1.12%
Honda of America Mfg., Inc.	8,800	7	0.93%
Columbus Public Schools	8,276	8	0.87%
City of Columbus	8,227	9	0.87%
Franklin County	6,310	10	0.67%
Limited Brands	6,250	11	0.66%
Mount Carmel Health System	5,638	12	0.60%
Huntington Bancshares, Inc.	4,700	13	0.50%
American Electric Power Company, Inc.	4,384	14	0.46%
Kroger Co.	4,014	15	0.42%
Nationwide Children's Hospital	3,880	16	0.41%
Medco Health Solutions, Inc.	3,681	17	0.39%
Cardinal Health Inc.	3,600	18	0.38%
AT&T Ohio	3,000	19	0.32%
Battelle	2,500	20	0.26%
South-Western City Schools	2,479	21	0.26%
Emerson Network Power/Leibert Corp	2,107	22	0.22%
Abbott Nutrition, division of Abbott	1,986	23	0.21%
TS Tech North America	1,956	24	0.21%
Alliance Data	1,913	25	0.20%

(1) Federal Government employees includes: 5,391 Federal Government and US Postal Service FTEs; 2,891 Defense Supply Center FTEs; and 2,480 Defense Finance & Accounting Service Center FTEs.

Source: City of Columbus Comprehensive Annual Financial Report

South-Western City School District is located in the southwest quadrant of Franklin County which encompasses the City of Grove City, portions of the City of Columbus and multiple townships.

# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHWESTERN CITY SCHOOL DISTRICT**

**FRANKLIN 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  
JANUARY 31, 2019**