SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

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 Springfield Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

March 13, 2019

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased $10,764,828 which represents a 44 percent increase from 2017 restated net position.
- Capital assets decreased $1,468,736 during fiscal year 2018.
- During the fiscal year, outstanding debt increased from $31,814,794 to $32,575,553 due to the issuance of HB 264 Energy Conservation Bonds.
- The School District implemented GASB 75 and removed capital assets below the capitalization threshold, which reduced beginning net position as previously reported by $9,706,315.
- A decrease in net pension liability and net OPEB liability substantially decreased all instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Springfield Local School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Springfield Local School District, the general fund and debt service fund are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 18. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 23.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. The Net Position at June 30, 2017 has been restated as described in Note 2. Table 1 provides a summary of the School District's net position for 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities	
	2018	Restated 2017
Assets		
Current and Other Assets	$ 27,138,331	$ 28,091,712
Capital Assets	42,583,971	44,052,707
Total Assets	69,722,302	72,144,419
Deferred Outflows of Resources		
Pension & OPEB	10,117,593	8,296,811
Total Deferred Outflows of Resources	10,117,593	8,296,811
Liabilities		
Current Liabilities	4,714,337	4,765,392
Long-Term Liabilities:		
Due Within One Year	113,343	69,890
Due in More Than One Year		
Pension & OPEB	40,478,740	54,686,274
Other Amounts	34,029,029	33,198,709
Total Liabilities	79,335,449	92,720,265
Deferred Inflows of Resources		
Property Taxes	12,008,498	12,055,999
Pension & OPEB	2,298,516	232,362
Total Deferred Inflows of Resources	14,307,014	12,288,361
Net Position		
Net Investment in Capital Assets	10,923,191	12,237,913
Restricted	5,229,772	4,234,215
Unrestricted	(29,955,531)	(41,039,524)
Total Net Position	$ (13,802,568)	$ (24,567,396)

The net pension and OPEB liability (NPL) are the largest single liabilities reported by the School 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 School 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 School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

As a result of implementing GASB 75, the School 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 $(14,861,081) to $(24,567,396), which includes a restatement to reduce capital assets in the amount of $480,522.

At year end, capital assets represented 61 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Net investment in capital assets was $10,923,191 at June 30, 2018. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The portion of the School District's cash that is being held as restricted increased by $780,000. This is due to the School District's requirement to set aside money to pay a future debt obligation. Refer to Note 15 for details.

The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

A portion of the School District's net position, $5,229,772 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of $29,955,531, which is primarily caused by GASB 68 and GASB 75.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 3,107,909	$ 3,185,391
Operating Grants	3,664,456	3,737,782
Total Program Revenues	6,772,365	6,923,173
General Revenues:		
Property Taxes	13,765,336	11,998,290
Grants and Entitlements Not Restricted	12,188,452	12,333,305
Other	176,062	136,010
Total General Revenues	26,129,850	24,467,605
Total Revenues	32,902,215	31,390,778
Program Expenses		
Instruction:		
Regular	5,345,599	13,765,691
Special	2,426,373	3,795,946
Vocational	57,757	317,422
Student Intervention Services	0	285,836
Other	2,695,919	2,521,403
Support Services:		
Pupils	700,771	1,572,208
Instructional Staff	1,489,743	1,458,617
Board of Education	34,176	41,036
Administration	628,467	2,030,937
Fiscal	667,091	721,072
Business	171,604	182,957
Operation and Maintenance of Plant	2,276,857	2,413,124
Pupil Transportation	1,550,214	1,567,136
Central	76,516	90,567
Operation of Non-Instructional Services:		
Food Service Operations	872,036	871,209
Community Services	333,275	365,371
Extracurricular Activities	987,045	1,176,951
Debt Service:		
Interest and Fiscal Charges	1,823,944	1,792,386
Total Expenses	22,137,387	34,969,869
Increase (Decrease) in Net Position	$ 10,764,828	$ (3,579,091)

Capital assets were restated as discussed in Note 2R. Program expense activity in Table 2 as it relates to fiscal year 2017 was not restated to remove depreciation of items removed from the valuation reports.

The information necessary to restate the 2018 beginning balances and the 2018 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2018 functional expenses still include OPEB expense of $2,467 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 $1,150,127. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 Program Expenses under GASB 75	$	22,137,387
Negative OPEB Expense under GASB 75		1,150,127
2018 Contractually Required Contribution		77,549
Adjusted 2018 Program Expenses		23,365,063
Total 2017 Program Expenses under GASB 45		34,969,869
Decrease in Program Expenses not Related to OPEB	$	(11,604,806)

See financial highlights for explanation of fluctuations in instruction and support service expenses.

The increase in property taxes is due to the increase in the amount available for advance along with an increase in assessed values.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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Table 3
Governmental Activities

	Total Cost of Service 2018	Total Cost of Service 2017	Net Cost of Service 2018	Net Cost of Service 2017
Instruction:				
Regular	$ 5,345,599	$ 13,765,691	$ 2,963,857	$ 11,068,305
Special	2,426,373	3,795,946	(170,566)	1,241,887
Vocational	57,757	317,422	8,026	275,443
Student Intervention Services	0	285,836	0	285,836
Other	2,695,919	2,521,403	2,695,919	2,521,403
Support Services:				
Pupils	700,771	1,572,208	700,771	1,561,285
Instructional Staff	1,489,743	1,458,617	1,475,581	1,441,494
Board of Education	34,176	41,036	34,176	41,036
Administration	628,467	2,030,937	599,647	2,002,631
Fiscal	667,091	721,072	667,091	721,072
Business	171,604	182,957	171,604	182,957
Operation and Maintenance of Plant	2,276,857	2,413,124	2,276,857	2,389,890
Pupil Transportation	1,550,214	1,567,136	1,397,772	1,429,178
Central	76,516	90,567	76,516	90,567
Operation of Non-Instructional Services:				
Food Service Operations	872,036	871,209	(13,522)	80,791
Community Services	333,275	365,371	24,594	69,253
Other	0	0	(2,726)	0
Extracurricular Activities	987,045	1,176,951	635,481	851,282
Debt Service:				
Interest and Fiscal Charges	1,823,944	1,792,386	1,823,944	1,792,386
Total Expenses	$ 22,137,387	$ 34,969,869	$ 15,365,022	$ 28,046,696

The total and net cost of services changes were primarily caused by the change in COLA related to NPL as previously discussed.

The dependence upon general revenues for governmental activities is apparent. 69 percent of governmental activities are supported through taxes and other general revenues; such revenues are 79 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $33,362,431 and expenditures of $34,342,800 for fiscal year 2018.

The general fund's net change in fund balance for fiscal year 2018 was a decrease of $1,294,261. This was primarily the result of operational costs exceeding available revenues.

The fund balance of the debt service fund increased by $879,413 primarily due to timing of tax collections compared to scheduled debt payments. During 2018, the School District deposited $780,000 into a sinking fund account. That represents balance sheet activity that will not impact net position until maturity.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, final budget basis revenue of $26,030,439 was $1,000,229 less than the actual revenues of $27,030,668 as property taxes and state foundation were conservatively budgeted for.

The Original and Final appropriations of $28,784,488 were only $48,622 higher than the actual expenditures of $28,735,866

There were no significant variances noted within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had $42,583,971 invested in capital assets. Table 4 shows fiscal year 2018 balances compared with 2017.

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

	Governmental Activities	
	2018	Restated 2017
Land	$ 583,510	$ 583,510
Land Improvements	760,638	808,417
Buildings and Improvements	40,074,256	41,244,457
Furniture and Equipment	572,182	655,699
Vehicles	70,224	41,265
Textbooks	523,161	719,359
Totals	$ 42,583,971	$ 44,052,707

The $1,468,736 decrease in capital assets was attributable to depreciation expense exceeding current year acquisitions. Capital assets were restated in fiscal year 2018 as discussed in Note 2R. See Note 9 for more information about the capital assets of the School District.

Debt

At June 30, 2018, the School District had $32,575,553 in bonds outstanding. See Note 15 for additional details. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
School Facilities Improvement Bonds (BAB)	$ 20,200,000	$ 20,200,000
School Facilities Improvement Bonds (QSCB)	11,260,000	11,260,000
Unamortized Premium	320,553	332,001
HB 264 Bonds	795,000	0
Loan Payable	0	22,793
Total	$ 32,575,553	$ 31,814,794

Current Issues

The Springfield Local School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in March 2000. A bond levy was passed in August 2010 for the construction of a new 7 through 12 campus. We have 5 renewal levies that are for 5 years each. We have had success in passing these renewals and anticipate placing them on the ballot.

Real estate tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home was reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 42 percent of revenues for governmental activities for the School District in fiscal year 2018.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Springfield Local School District has not anticipated any meaningful growth in State revenue. Quite the opposite has recently occurred under the leadership in Ohio. Reductions in school funding will result in uncertainties in the coming years. The concern is that if this trend continues, a significant shift to local taxpayers will result.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

The good news is that after years of stringent fiscal control, the School District was released from fiscal emergency as of November 22, 2011.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Chris Adams, Treasurer of Springfield Local School District, 2410 Massillon Road, Akron, Ohio 44312.

Springfield Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2018

		Governmental Activities
Assets		
Equity in Pooled Cash and Investments	$	9,928,656
Restricted Cash and Investments		1,850,000
Receivables:		
Intergovernmental		916,093
Property Taxes		14,405,719
Prepaid Items		37,863
Nondepreciable Capital Assets		583,510
Depreciable Capital Assets (Net)		42,000,461
Total Assets		69,722,302
Deferred Outflows of Resources		
Pension		9,792,411
OPEB		325,182
Total Deferred Outflows of Resources		10,117,593
Liabilities		
Accounts Payable		9,199
Accrued Wages and Benefits		2,897,785
Intergovernmental Payable		721,678
Accrued Interest Payable		602,045
Accrued Vacation Leave Payable		212,424
Claims Payable		271,206
Long Term Liabilities:		
Due Within One Year		113,343
Due In More Than One Year:		
Net Pension Liability		33,030,713
Net OPEB Liability		7,448,027
Other Amonts Due in More Than One Year		34,029,029
Total Liabilities		79,335,449
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		12,008,498
Pension		1,423,244
OPEB		875,272
Total Deferred Inflows of Resources		14,307,014
Net Position		
Net Investment in Capital Assets		10,923,191
Restricted For:		
Capital Outlay		1,698,562
Debt Service		2,297,080
Other Purposes		1,234,130
Unrestricted		(29,955,531)
Total Net Position	$	(13,802,568)

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 5,345,599	$ 2,222,437	$ 159,305	$ (2,963,857)
Special	2,426,373	360,499	2,236,440	170,566
Vocational	57,757	0	49,731	(8,026)
Other	2,695,919	0	0	(2,695,919)
Support Services:				
Pupils	700,771	0	0	(700,771)
Instructional Staff	1,489,743	0	14,162	(1,475,581)
Board of Education	34,176	0	0	(34,176)
Administration	628,467	0	28,820	(599,647)
Fiscal	667,091	0	0	(667,091)
Business	171,604	0	0	(171,604)
Operation and Maintenance of Plant	2,276,857	0	0	(2,276,857)
Pupil Transportation	1,550,214	0	152,442	(1,397,772)
Central	76,516	0	0	(76,516)
Operation of Non-Instructional Services:				
Food Service Operations	872,036	173,409	712,149	13,522
Community Services	333,275	0	308,681	(24,594)
Other	0	0	2,726	2,726
Extracurricular Activities	987,045	351,564	0	(635,481)
Debt Service:				
Interest and Fiscal Charges	1,823,944	0	0	(1,823,944)
Total	$ 22,137,387	$ 3,107,909	$ 3,664,456	(15,365,022)

General Revenues	
Property Taxes Levied for:	
General Purposes	10,956,514
Debt Service	2,385,520
Capital Outlay	242,057
Classroom Facilities Maintenance	181,245
Grants and Entitlements Not Restricted to Specific Programs	12,188,452
Investment Earnings	90,291
Miscellaneous	85,771
Total General Revenues	26,129,850
Change in Net Position	10,764,828
Net Position Beginning of Year (Restated - See Note 2)	(24,567,396)
Net Position End of Year	$ (13,802,568)

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 5,915,242	$ 628,373	$ 2,735,267	$ 9,278,882
Restricted Cash and Investments	0	1,850,000	0	1,850,000
Interfund	59,229	0	0	59,229
Intergovernmental	617,197	0	298,896	916,093
Property Taxes	11,530,061	2,456,825	418,833	14,405,719
Prepaid Items	36,935	0	928	37,863
Total Assets	$ 18,158,664	$ 4,935,198	$ 3,453,924	$ 26,547,786
Liabilities				
Accounts Payable	$ 7,767	$ 0	$ 1,432	$ 9,199
Accrued Wages and Benefits	2,676,450	0	221,335	2,897,785
Intergovernmental Payable	705,513	0	16,165	721,678
Interfund Payable	0	0	59,229	59,229
Total Liabilities	3,389,730	0	298,161	3,687,891
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	9,618,269	2,036,073	354,156	12,008,498
Unavailable Revenue	864,916	154,458	233,581	1,252,955
Total Deferred Inflows of Resources	10,483,185	2,190,531	587,737	13,261,453
Fund Balances				
Nonspendable	5,242	0	0	5,242
Restricted	0	2,744,667	2,774,765	5,519,432
Assigned	4,079,437	0	0	4,079,437
Unassigned	201,070	0	(206,739)	(5,669)
Total Fund Balances	4,285,749	2,744,667	2,568,026	9,598,442
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,158,664	$ 4,935,198	$ 3,453,924	$ 26,547,786

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 9,598,442
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.		42,583,971
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 209,837	
Excess Cost	163,083	
Delinquent Property Taxes	880,035	1,252,955
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		378,568
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(602,045)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred Outflows - Pension	9,792,411	
Deferred Outflows - OPEB	325,182	
Net Pension Liability	(33,030,713)	
Net OPEB Liability	(7,448,027)	
Deferred Inflows - Pension	(1,423,244)	
Deferred Inflows - OPEB	(875,272)	(32,659,663)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
OFCC Build America Bonds	(20,200,000)	
OFCC Qualified School Construction Bonds	(11,260,000)	
Bond Premium	(320,553)	
Energy Conservation Bonds	(795,000)	
Vacations Payable	(212,424)	
Compensated Absences	(1,566,819)	(34,354,796)
Net Position of Governmental Activities		$ (13,802,568)

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 10,988,606	$ 2,400,203	$ 424,726	$ 13,813,535
Intergovernmental	13,174,763	345,349	2,414,769	15,934,881
Investment Income	90,291	0	0	90,291
Tuition and Fees	2,838,577	0	0	2,838,577
Extracurricular Activities	152,671	0	196,008	348,679
Rentals	75,550	0	0	75,550
Charges for Services	0	0	173,408	173,408
Contributions and Donations	1,738	0	0	1,738
Miscellaneous	84,772	0	1,000	85,772
Total Revenues	27,406,968	2,745,552	3,209,911	33,362,431
Expenditures				
Current:				
Instruction:				
Regular	12,370,327	0	174,066	12,544,393
Special	2,788,527	0	1,002,786	3,791,313
Vocational	307,685	0	0	307,685
Other	2,695,919	0	0	2,695,919
Support Services:				
Pupils	1,517,350	0	433	1,517,783
Instructional Staff	1,542,086	0	91,028	1,633,114
Board of Education	34,176	0	0	34,176
Administration	1,805,168	0	48,903	1,854,071
Fiscal	702,567	0	0	702,567
Business	194,085	0	0	194,085
Operation and Maintenance of Plant	2,146,411	0	4,047	2,150,458
Pupil Transportation	1,616,622	0	1,156	1,617,778
Central	76,516	0	0	76,516
Extracurricular Activities	723,322	0	236,940	960,262
Operation of Non-Instructional Services:				
Food Service Operations	0	0	910,619	910,619
Community Services	0	0	294,389	294,389
Capital Outlay	98,711	52,133	1,050,101	1,200,945
Debt Service:				
Principal Retirement	0	0	22,793	22,793
Interest and Fiscal Charges	0	1,814,006	19,928	1,833,934
Total Expenditures	28,619,472	1,866,139	3,857,189	34,342,800
Excess of Revenues Over (Under) Expenditures	(1,212,504)	879,413	(647,278)	(980,369)
Other Financing Sources (Uses)				
Issuance of Energy Conservation Bonds	0	0	795,000	795,000
Transfers In	0	0	81,757	81,757
Transfers Out	(81,757)	0	0	(81,757)
Total Other Financing Sources (Uses)	(81,757)	0	876,757	795,000
Net Change in Fund Balance	(1,294,261)	879,413	229,479	(185,369)
Fund Balances Beginning of Year	5,580,010	1,865,254	2,338,547	9,783,811
Fund Balances End of Year	$ 4,285,749	$ 2,744,667	$ 2,568,026	$ 9,598,442

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ (185,369)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 253,010	
Current Year Depreciation	(1,469,334)	(1,216,324)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(252,412)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(71,721)	
Excess Costs	(330,040)	
Intergovernmental	(48,201)	(449,962)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		22,793
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Energy Conservation Bonds		(795,000)
In the statement of activities, interest is accrued on outstanding bonds; and bond premium is amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	(1,458)	
Amortization of Premium on Bonds	11,448	9,990
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,334,128	
OPEB	77,549	2,411,677
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	10,400,358	
OPEB	1,150,127	11,550,485
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		(195,051)
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(113,014)	
Vacations Payable	(22,985)	(135,999)
Change in Net Position of Governmental Activities		$ 10,764,828

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property and Other Local Taxes	$ 10,540,168	$ 10,603,347	$ 10,861,947	$ 258,600
Intergovernmental	11,518,249	11,586,989	13,074,006	1,487,017
Investment Income	274,402	275,662	97,332	(178,330)
Tuition and Fees	2,376,039	2,392,527	2,837,399	444,872
Rentals	58,047	58,486	75,550	17,064
Miscellaneous	1,106,035	1,113,428	84,434	(1,028,994)
Total Revenues	25,872,940	26,030,439	27,030,668	1,000,229
Expenditures				
Current:				
Instruction:				
Regular	12,666,292	12,666,292	12,381,888	284,404
Special	2,762,598	2,762,598	2,791,735	(29,137)
Vocational	311,606	311,606	306,719	4,887
Other	2,571,831	2,571,831	2,767,035	(195,204)
Support Services:				
Pupils	1,556,594	1,556,594	1,521,054	35,540
Instructional Staff	1,423,508	1,423,508	1,555,576	(132,068)
Board of Education	41,835	41,835	34,164	7,671
Administration	1,951,248	1,951,248	1,812,446	138,802
Fiscal	731,510	731,510	706,247	25,263
Business	179,548	179,548	194,337	(14,789)
Operation and Maintenance of Plant	2,264,337	2,264,337	2,257,405	6,932
Pupil Transportation	1,655,146	1,655,146	1,655,439	(293)
Central	92,378	92,378	76,516	15,862
Extracurricular Activities	554,909	554,909	576,594	(21,685)
Operation of Non-Instructional Services:				
Capital Outlay	21,148	21,148	98,711	(77,563)
Total Expenditures	28,784,488	28,784,488	28,735,866	48,622
Excess of Revenues Over (Under) Expenditures	(2,911,548)	(2,754,049)	(1,705,198)	1,048,851
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	0	247	247
Refund of Prior Year Receipts	0	0	(1,888)	(1,888)
Transfers Out	(85,000)	(85,000)	(81,757)	3,243
Total Other Financing Sources (Uses)	(85,000)	(85,000)	(83,398)	1,602
Net Change in Fund Balance	(2,996,548)	(2,839,049)	(1,788,596)	1,050,453
Fund Balance Beginning of Year	7,450,647	7,450,647	7,450,647	0
Prior Year Encumbrances Appropriated	69,434	69,434	69,434	0
Fund Balance End of Year	$ 4,523,533	$ 4,681,032	$ 5,731,485	$ 1,050,453

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Equity in Pooled Cash and Investments	$ 649,774
Total Current Assets	649,774
Liabilities	
Current Liabilities	
Claims Payable	271,206
Total Current Liabilities	271,206
Net Position	
Unrestricted	378,568
Total Net Position	$ 378,568

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	$ 4,472,964
Total Operating Revenues	4,472,964
Operating Expenses	
Purchased Services	928,321
Claims	3,739,694
Total Operating Expenses	4,668,015
Operating Income (Loss)	(195,051)
Net Position Beginning of Year	573,619
Net Position End of Year	$ 378,568

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Internal Services Provided	$ 4,472,964
Cash Paid for Goods and Services	(928,321)
Cash Paid for Claims	(3,698,175)
Net Cash Provided By (Used For) Operating Activities	(153,532)
Net Increase (Decrease) in Cash and Cash Equivalents	(153,532)
Cash and Cash Equivalents, Beginning of Year	803,306
Cash and Cash Equivalents, End of Year	$ 649,774
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ (195,051)
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Claims Payable	41,519
Total Adjustments	41,519
Net Cash Provided By (Used For) Operating Activities	$ (153,532)

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 7,723	$ 47,440
Total Assets	7,723	$ 47,440
Liabilities		
Undistributed Monies	0	$ 2,093
Due to Students	0	45,347
Total Liabilities	0	$ 47,440
Net Position		
Held in Trust for Scholarships	$ 7,723	

See accompanying notes and accountant's compilation report.

Springfield Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions	
Gifts and Contributions	$ 6,075
Change in Net Position	6,075
Net Position Beginning of Year	1,648
Net Position End of Year	$ 7,723

See accompanying notes and accountant's compilation report.

Note 1 - Description of the School District

Springfield Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies.

The School District is located in both Summit and Portage counties in northeastern Ohio. The School District operates two elementary schools (P-3 and K-3), an intermediate school (5-6), and a middle/high school (7-8 and 9-12).

Reporting Entity

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

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

The Township of Springfield, which operates within the School District's boundaries for the benefit of its residents, is excluded from the accompanying financial statements.

The School District participates in one jointly governed organization, the North East Ohio Network for Educational Technology (NEOnet), which is presented in Note 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

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

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

Debt Service Fund The debt service fund accounts for tax revenues collected and used to retire long term bond obligations of the School District.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the School District's proprietary fund:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits, hospitalization, vision, and dental.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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 net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

Private purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. 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 revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the Statement of Activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the Balance Sheet.

During fiscal year 2018, investments were limited to Star Ohio, U.S Treasury, agency securities, corporate bonds, negotiable certificates of deposits, and money market accounts.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

During the year 2018, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants.* The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 these purposes.

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest (including fair market value adjustments for investments). Interest revenue credited to the general fund during fiscal year 2018 amounted to $90,291 which includes $41,202 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

The School District is also reporting "restricted cash and investments" related to the Qualified School Construction Bonds sinking fund deposits. See Note 15 for further details.

F. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	13 Years
Textbooks	5 Years

G. Interfund Balances

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

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated leave are paid.

I. Pensions and Other Postemployment Benefits (OPEB)

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

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 judgments, 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.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

N. Interfund Activity

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

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

P. Estimates

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

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternate Tax Budget, the Certificate of Estimated Resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The Certificate of Estimated Resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control for all funds was at the fund level. Budgetary modifications changing total fund appropriations may only be made by resolution of the Board of Education.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the School District receives the official Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

R. Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

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

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

Net Position, June 30, 2017	$ (14,861,081)
Capital Asset Adjustments:	
Depreciable Capital Assets	(1,773,191)
Accumulated Depreciation	1,292,669
Adjusted Capital Assets, Net	(480,522)
GASB 75 Adjustments:	
Net OPEB Liability	(9,228,260)
Deferred Outflow-Payments Subsequent to Measurement Date	2,467
Restated Net Position, July 1, 2017	$ (24,567,396)

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

During fiscal year 2018, the School District removed all capital assets under the capitalization threshold of $5,000 from the capital asset listing that were incorrectly included in valuation reports. As a result of this adjustment, depreciable capital assets and accumulated depreciation decreased by $1,773,191 and $1,292,669, respectively. Beginning book balance was restated from $44,533,229 to $44,052,707.

Note 3 – Fund Deficits

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

	Deficit Fund Balance
Nonmajor Governmental Funds:	
Early Childhood Education	$ 1,277
Food Service	115,728
Vocational Education Enhancement	288
Title VI-B	41,580
Title I	35,771
Preschool Handicapped	3,886
Title VI-R	8,209

The general fund is liable for any deficit in the funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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

3. In order to determine compliance with Ohio law, and to assign that portion of the applicable appropriation, total outstanding encumbrances (budget) are recorded as the equivalent of an expenditure; and,

4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

GAAP Basis	$	(1,294,261)
Net Adjustment for Revenue Accruals		(220,375)
Net Adjustment for Expenditure Accruals		(73,209)
Funds Budgeted Elsewhere**		(1,656)
Adjustment for Encumbrances		(199,095)
Budget Basis	$	(1,788,596)

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, the public school support, community education, and recreation funds, and all unclaimed monies held by the School District.

Note 5 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred and seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash on Hand At year end, the School District had $350 in undeposited cash on hand which is included on the Balance Sheet of the School District as part of equity in pooled cash and investments.

Investments

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

			Investment Maturities		
Rating	Investment	Measurement Amount	12 Months or Less	13 to 36 Months	Percent of Total
	Net Asset Value (NAV):				
AAAm	STAR Ohio	$ 6,327,914	$ 6,327,914	$ 0	61.59%
	Fair Value (FV):				
Aaa	FNMA	735,883	495,360	240,523	7.16%
Aaa	FFCB	247,498	247,498	0	2.41%
N/A	US Treasury Money Market	72,260	72,260	0	0.70%
N/A	Negotiable Certificate of Deposit	714,312	218,857	495,455	6.95%
Aaa	Corporate Bonds	2,175,955	0	2,175,955	21.18%
	Total	$ 10,273,822	$ 7,361,889	$ 2,911,933	100.00%

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

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District has no investment policy that would further limit its investment choices.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2018, is 49 days.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. The investment percentages are listed above.

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit and Portage Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 355,341,480	97.61%	$ 364,517,160	97.68%
Public Utility Personal Property	8,668,610	2.39%	8,631,160	2.32%
	$ 364,010,090	100.00%	$ 373,148,320	100.00%
Full Tax Rate per $1,000 of assessed valuation	$ 56.95		$ 55.95	

Note 7 – Interfund Activity

A. Interfund Transfers

Transfers made during 2018 were as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 0	$ 81,757
Nonmajor Governmental Funds	81,757	0
Total	$ 81,757	$ 81,757

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

B. Interfund Receivable/Payable

Interfund receivable/payable at June 30, 2018 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	$ 59,229	$ 0
Nonmajor Governmental Funds:		
Food Services	0	38,589
Public School Preschool	0	1,692
Vocational Education Enhancement	0	289
Part B IDEA	0	12,164
Title I	0	6,336
Preschool Handicapped	0	159
Total Nonmajor Governmental Funds	0	59,229
Totals	$ 59,229	$ 59,229

Note 8 – Receivables

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

Major Governmental Funds:	Amount
General Fund:	
Excess Costs	$ 314,557
Federal Interest Subsidy	302,640
Total General Fund	617,197
Nonmajor Governmental Funds:	
Early Childhood Education Grant	38,550
IDEA Part B Grant	169,148
Title II-A Grant	18,211
Early Childhood Special Ed Grant	159
Title I Grant	62,285
Title IV-A Grant	10,254
High Schools That Work	289
Total Nonmajor Governmental Funds	298,896
Total Intergovernmental Receivables	$ 916,093

Note 9 - Capital Assets

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

	Restated Beginning Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 583,510	$ 0	$ 0	$ 583,510
Capital Assets, being depreciated:				
Land Improvements	1,532,676	0	0	1,532,676
Buildings and Improvements	48,347,922	200,780	(263,000)	48,285,702
Furniture and Equipment	1,092,475	0	(37,346)	1,055,129
Vehicles	201,533	39,974	0	241,507
Textbooks	1,509,815	12,256	0	1,522,071
Total Capital Assets, being depreciated	52,684,421	253,010	(300,346)	52,637,085
Less Accumulated Depreciation:				
Land Improvements	(724,259)	(47,779)	0	(772,038)
Buildings and Improvements	(7,103,465)	(1,144,801)	36,820	(8,211,446)
Furniture and Equipment	(436,776)	(57,285)	11,114	(482,947)
Vehicles	(160,268)	(11,015)	0	(171,283)
Textbooks	(790,456)	(208,454)	0	(998,910)
Total Accumulated Depreciation	(9,215,224)	(1,469,334)	47,934	(10,636,624)
Total Capital Assets being depreciated, net	43,469,197	(1,216,324)	(252,412)	42,000,461
Governmental Capital Assets, net	$ 44,052,707	$ (1,216,324)	$ (252,412)	$ 42,583,971

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,098,478
Special	2,471
Vocational	5,294
Support Services:	
Pupil	8,661
Instructional Staff	30,954
Administration	28,767
Fiscal	3,611
Operation and Maintenance of Plant	93,207
Pupil Transportation	2,286
Food Service Operations	16,161
Extracurricular Activities	179,444
Total Depreciation	$ 1,469,334

Note 10 – Risk Management

The School District insures its buildings and their contents through insurance having a $2,500 deductible and providing replacement costs for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of $1,000,000 for each occurrence and $3,000,000 aggregate. The School District also has an excess policy in the amount of $2,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A bond of $50,000 is maintained on the Treasurer and Business Manager. Bonds are also provided for the school Board President and Superintendent in the amount of $50,000 each.

By State statute, bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2018, a total expense of $4,668,015 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of $100,000. The liability for unpaid claims cost of $271,206 reported in the fund at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

Changes in the fund's claims liability amount in 2018 and 2017 were:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	$ 554,401	$ 2,915,776	$ 3,240,490	$ 229,687
2018	$ 229,687	$ 3,739,694	$ 3,698,175	$ 271,206

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to non-certified employees on the anniversary of their employment with a maximum accrual based on length of service. Vacation may be accrued in excess of the maximum only with the approval of the superintendent and Board of Education. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited number of days. Payment is made of 30 percent of the total sick leave accumulation, up to a maximum accumulation of 60 days upon retirement for certified employees. Non-certified employees receive payment of 30 percent of sick leave up to a maximum of 60 days upon termination or ¼ of unused sick leave to a maximum of 45 days with 10 years of service upon termination.

Note 12 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

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

The School District's contractually required contribution to SERS was $518,448 for fiscal year 2018. Of this amount, $48,170 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District 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 School District's contractually required contribution to STRS was $1,815,680 for fiscal year 2018. Of this amount, $313,208 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11568970%	0.10994853%	
Prior Measurement Date	0.11584500%	0.11047475%	
Change in Proportionate Share	-0.00015530%	-0.00052622%	
Proportionate Share of the Net Pension Liability	$ 6,912,204	$ 26,118,509	$ 33,030,713
Pension Expense	$ (273,822)	$ (10,126,536)	$ (10,400,358)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 297,478	$ 1,008,572	$ 1,306,050
Changes of Assumptions	357,436	5,712,405	6,069,841
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	25,654	56,738	82,392
School District Contributions Subsequent to the Measurement Date	518,448	1,815,680	2,334,128
Total Deferred Outflows of Resources	$ 1,199,016	$ 8,593,395	$ 9,792,411
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 210,505	$ 210,505
Net Difference between Projected and Actual Earnings on Pension Plan Investments	32,814	861,943	894,757
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	75,190	242,792	317,982
Total Deferred Inflows of Resources	$ 108,004	$ 1,315,240	$ 1,423,244

$2,334,128 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 251,765	$ 1,133,839	$ 1,385,604
2020	384,275	2,306,377	2,690,652
2021	97,661	1,598,640	1,696,301
2022	(161,137)	423,619	262,482
	$ 572,564	$ 5,462,475	$ 6,035,039

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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

Mortality rates among active members were based upon 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 actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	$ 9,592,343	$ 6,912,204	$ 4,667,041

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

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

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

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

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

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten 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 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 payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	$ 37,439,994	$ 26,118,509	$ 16,581,855

Assumption Changes since the Prior Measurement Date
The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes since the Prior Measurement Date
Effective July 1, 2017, the COLA was reduced to zero.

Note 13 – Defined Benefit OPEB Plans

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 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 School District's surcharge obligation was $58,347.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was 77,549 for fiscal year 2018. Of this amount $60,067 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 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 School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Current Measurement Date	0.11768070%	0.10994853%	
Prior Measurement Date	0.11647758%	0.11047475%	
Change in Proportionate Share	0.00120312%	-0.00052622%	
Proportionate Share of the Net OPEB Liability	$ 3,158,241	$ 4,289,786	$ 7,448,027
OPEB Expense	$ 162,905	$ (1,313,032)	$ (1,150,127)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 247,633	$ 247,633
School District Contributions Subsequent to the Measurement Date	77,549	0	77,549
Total Deferred Outflows of Resources	$ 77,549	$ 247,633	$ 325,182
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 8,340	$ 183,355	$ 191,695
Changes of Assumptions	299,701	345,556	645,257
Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions	14,198	24,122	38,320
Total Deferred Inflows of Resources	$ 322,239	$ 553,033	$ 875,272

$77,549 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS		STRS		Total	
Fiscal Year Ending June 30:						
2019	$	(115,816)	$	(66,180)	$	(181,996)
2020		(115,816)		(66,180)		(181,996)
2021		(88,522)		(66,180)		(154,702)
2022		(2,085)		(66,179)		(68,264)
2023		0		(20,341)		(20,341)
Thereafter		0		(20,340)		(20,340)
	$	(322,239)	$	(305,400)	$	(627,639)

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:

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

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

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

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

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

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

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	$ 3,813,978	$ 3,158,241	$ 2,638,730

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 2,562,676	$ 3,158,241	$ 3,946,481

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 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	6.00 percent to 11.00 percent, initial, 4.50 percent ultimate

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

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

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

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

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

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

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

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

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

Sensitivity of the School 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.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	$ 5,758,969	$ 4,289,786	$ 3,128,651

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 2,980,359	$ 4,289,786	$ 6,013,144

Note 14 – Contingencies

A. Grants

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

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect on the basic financial statements.

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2018 are finalized. As a result, the net impact of the FTE adjustments had no impact on the fiscal year 2018 financial statements.

Note 15 - Long - Term Obligations

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

	Restated Outstanding 6/30/17	Additions	Reductions	Outstanding 6/30/18	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Bonds, Series 2017	$ 0	$ 795,000	$ 0	$ 795,000	$ 70,000
School Facilities Improvement Bonds					
Series 2010B Build America Bonds	20,200,000	0	0	20,200,000	0
Series 2010C Qualified School Construction Bonds	11,260,000	0	0	11,260,000	0
Unamortized Premium	332,001	0	(11,448)	320,553	0
Total School Facilities Improvement Bonds	31,792,001	0	(11,448)	31,780,553	0
Other Long-Term Liabilities					
Net Pension Liability	45,458,014	0	(12,427,301)	33,030,713	0
Net OPEB Liability	9,228,260	0	(1,780,233)	7,448,027	0
Loan Payable	22,793	0	(22,793)	0	0
Compensated Absences	1,453,805	159,277	(46,263)	1,566,819	43,343
Total Other Long-Term Liabilities	56,162,872	159,277	(14,276,590)	42,045,559	43,343
Total Governmental Activities Long-Term Liabilities	$ 87,954,873	$ 954,277	$ (14,288,038)	$ 74,621,112	$ 113,343

Compensated absences will be paid from the fund in which the employee is paid, which in prior years has primarily been the general fund. The energy conservation bond and the school facilities bonds will be paid from the debt service fund. The loan payable will be paid from the permanent improvement fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and food service fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

Energy Conservation Bonds, Series 2017

On September 19, 2017, the School District issued $795,000 in Energy Conservation Bonds with an interest rate of 2.20 percent. The bonds were issued for a ten-year period, with final maturity at December 1, 2027. The outstanding Energy Conservation Bonds are a direct obligation of the School District for which full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property of the School District. The School Energy Conservation Bond will be paid with tax revenue from the debt service fund.

School Facilities Improvement General Obligation Bonds

On August 31, 2010, the School District issued $33,724,861 in voted general obligation bonds for the purpose of constructing, furnishing, equipping and improving a new school building for grades 7 through 12 along with related abatement and demolition, and other school district building improvements. The bond issue included a current interest bond in the amount of $1,540,000 and two capital appreciation bonds in the amount of $496,934 (matured in fiscal year 2013) and $227,927 (matured in fiscal year 2014), respectively. The issuance also included federally taxable Build America Bonds for $20,200,000 and federally taxable qualified school construction bonds for $11,260,000. The bonds were issued with a premium of $412,137, which was reported as an increase to long-term debt. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The bonds will be retired with a voted property tax levy from the bond retirement debt service fund.

The current interest bonds will not be subject to redemption prior to maturity. The Build America Bonds maturing on or after September 1, 2019 are subject to prior optional redemption either in whole or in part at 100 percent par. It is also subject to extraordinary optional redemption, in whole at any date or in part on any date at a redemption price of 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment. The qualified school construction bonds are not subject to optional redemption prior to maturity. It is also subject to extraordinary optional redemption either in whole or in part on any date at a redemption price equal to 100 percent of par in the event that the department of Treasury should cease, or announce its intention to cease, making full payment of the direct payment and it is subject to mandatory redemption on any date at a redemption price equal to 100 percent of par due to excess proceeds to the extent that less than 100 percent are expended by August 31, 2014.

The qualified school construction bonds mature on September 1, 2027. The School District is required to make deposits into a sinking fund account created in the Bond Retirement fund for payment of the principal amount of the Series 2010C bonds at maturity according to the following schedule:

September 1 of year	Amount Due	Amount Deposited
2015	$ 300,000	$ 300,000
2016	770,000	770,000
2017	780,000	780,000
2018	830,000	0
2019	845,000	0
2020	855,000	0
2021	910,000	0
2022	925,000	0
2023	935,000	0
2024	995,000	0
2025	1,010,000	0
2026	1,025,000	0
2027	1,080,000	0
	$ 11,260,000	$ 1,850,000

The amount deposited is reported as a restricted asset on the basic financial statements.

Loan Payable

In November 2012, the School District entered into a loan in the amount of $250,000 to purchase a building for administration purposes. The loan matured December 1, 2017.

Principal and interest requirements to retire the long-term note and general obligation bonds outstanding at June 30, 2018 are as follows:

Fiscal Year	Build America		Qualified School Construction		Energy Conservation	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 0	$ 1,210,612	$ 0	$ 591,150	$ 70,000	$ 16,720
2020	0	1,210,613	0	591,150	75,000	15,125
2021	0	1,210,613	0	591,150	75,000	13,475
2022	0	1,210,613	0	591,150	75,000	11,825
2023	0	1,210,613	0	591,150	80,000	10,120
2024 - 2028	0	6,053,065	11,260,000	2,660,175	420,000	23,650
2029 - 2033	5,380,000	5,322,173	0	0	0	0
2034 - 2038	6,965,000	3,523,093	0	0	0	0
2039 - 2043	7,855,000	1,181,359	0	0	0	0
Totals	$ 20,200,000	$ 22,132,754	$ 11,260,000	$ 5,615,925	$ 795,000	$ 90,915

The bonds are backed by the full faith and credit of the Springfield Local School District.

Note 16 – North East Ohio Network for Educational Technology

The North East Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the North East Ohio Network for Educational Technology, 5121 Mahoning Avenue, suite 102, Austintown, Ohio 44515. During the fiscal year ended June 30, 2018, the School District paid $172,133 to NEOnet for basic service charges.

Note 17 – Statutory Reserves

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

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

	Capital Improvement Reserve
Set-Aside Restricted Balance as of June 30, 2017	$ 0
Current Year Set-Aside Requirement	398,711
Current Year Offsets	(450,223)
Total	$ (51,512)
Balance Carried Forward to Fiscal Year 2019	$ 0
Set-aside Restricted Balance June 30, 2018	$ 0

Although the School District had offsets (permanent improvement and classroom facilities maintenance property tax levy proceeds) during the fiscal year that reduced the set-aside amount to below zero for the capital improvement set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 18 - Other Commitments

Encumbrance Commitments

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

Fund	Amount
General Fund	$ 196,934
Nonmajor Governmental Funds	37,023
	$ 233,957

Note 19 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Unclaimed Monies	$ 5,242	$ 0	$ 0	$ 5,242
Restricted for:				
Debt Service	0	2,744,667	0	2,744,667
Capital Outlay	0	0	2,629,393	2,629,393
Management Info Systems	0	0	6,083	6,083
Federal and State Grant Programs	0	0	20,044	20,044
Athletics	0	0	62,359	62,359
Other Grants	0	0	56,886	56,886
Total Restricted	0	2,744,667	2,774,765	5,519,432
Assigned for:				
Encumbrances:				
Instruction	14,258	0	0	14,258
Support Services	176,837	0	0	176,837
Extracurricular	13,466	0	0	13,466
Subsequent Year Appropriations	3,772,687	0	0	3,772,687
Other Purposes	102,189	0	0	102,189
Total Assigned	4,079,437	0	0	4,079,437
Unassigned	201,070	0	(206,739)	(5,669)
Total Fund Balance	$ 4,285,749	$ 2,744,667	$ 2,568,026	$ 9,598,442

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
School District's Proportion of the Net Pension Liability	0.11568970%	0.11584500%	0.11883270%	0.11722700%	0.11722700%
School District's Proportionate Share of the Net Pension Liability	$ 6,912,204	$ 8,478,785	$ 6,780,709	$ 5,932,792	$ 6,971,113
School District's Covered Payroll	$ 3,714,521	$ 4,027,250	$ 4,055,546	$ 3,853,896	$ 3,834,126
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.09%	210.54%	167.20%	153.94%	181.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net Pension Liability	0.10994853%	0.11047475%	0.11129227%	0.11079612%	0.11079612%
School District's Proportionate Share of the Net Pension Liability	$ 26,118,509	$ 36,979,229	$ 30,757,928	$ 26,949,451	$ 32,102,009
School District's Covered Payroll	$ 12,119,293	$ 11,945,086	$ 11,841,900	$ 11,470,269	$ 12,366,338
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.51%	309.58%	259.74%	234.95%	259.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 518,448	$ 520,033	$ 563,815	$ 534,521
Contributions in Relation to the Contractually Required Contribution	(518,448)	(520,033)	(563,815)	(534,521)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 3,840,356	$ 3,714,521	$ 4,027,250	$ 4,055,546
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 1,815,680	$ 1,696,701	$ 1,672,312	$ 1,657,866
Contributions in Relation to the Contractually Required Contribution	(1,815,680)	(1,696,701)	(1,672,312)	(1,657,866)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 12,969,143	$ 12,119,293	$ 11,945,086	$ 11,841,900
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$ 534,150	$ 530,643	$ 554,588	$ 530,482	$ 512,531	$ 469,083
(534,150)	(530,643)	(554,588)	(530,482)	(512,531)	(469,083)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,853,896	$ 3,834,126	$ 4,123,331	$ 4,220,223	$ 3,785,310	$ 4,767,104
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$ 1,491,135	$ 1,607,624	$ 1,418,694	$ 1,418,983	$ 1,585,101	$ 1,407,982
(1,491,135)	(1,607,624)	(1,418,694)	(1,418,983)	(1,585,101)	(1,407,982)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 11,470,269	$ 12,366,338	$ 10,913,031	$ 10,915,254	$ 12,193,085	$ 10,830,631
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System (SERS)		
School District's Proportion of the Net OPEB Liability	0.11768070%	0.11647758%
School District's Proportionate Share of the Net OPEB Liability	$ 3,158,241	$ 3,320,042
School District's Covered Payroll	$ 3,714,521	$ 4,027,250
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	85.02%	82.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
School District's Proportion of the Net OPEB Liability	0.10994853%	0.11047475%
School District's Proportionate Share of the Net OPEB Liability	$ 4,289,786	$ 5,908,218
School District's Covered Payroll	$ 12,119,293	$ 11,945,086
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.40%	49.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fisca

See accompanying notes to the required supplementary information.

Springfield Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 77,549	$ 2,467	$ 54,997	$ 93,442
Contributions in Relation to the Contractually Required Contribution	(77,549)	(2,467)	(54,997)	(93,442)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 4,210,570	$ 3,714,521	$ 4,027,250	$ 4,055,546
OPEB Contributions as a Percentage of Covered Payroll (1)	1.84%	0.07%	1.37%	2.30%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 15,731,943	$ 12,119,293	$ 11,945,086	$ 11,841,900
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2014	2013	2012	2011	2010	2009
$ 55,093	$ 55,373	$ 65,496	$ 124,081	$ 98,427	$ 231,198
(55,093)	(55,373)	(65,496)	(124,081)	(98,427)	(231,198)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,853,896	$ 3,834,126	$ 4,123,331	$ 4,220,223	$ 3,785,310	$ 4,767,104
1.43%	1.44%	1.59%	2.94%	2.60%	4.85%
$ 114,703	$ 123,663	$ 109,130	$ 109,153	$ 121,931	$ 108,306
(114,703)	(123,663)	(109,130)	(109,153)	(121,931)	(108,306)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 11,470,269	$ 12,366,338	$ 10,913,031	$ 10,915,254	$ 12,193,085	$ 10,830,631
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - 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 was updated to the following:
    - 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 disable member was updated to the following:
    - 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.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - 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 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**	**Total Federal Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education					
Child Nutrition Cluster:					
School Breakfast Program	10.553	050062-3L70-2018		$116,110	
National School Lunch Program	10.555	050062-3L60-2018		493,224	$90,975
Total Child Nutrition Cluster				609,334	90,975
Total U.S. Department of Agriculture				**609,334**	**90,975**
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Title I Grant to Local Educational Agencies	84.010	050062-3M00-2017		78,961	
Title I Grant to Local Educational Agencies	84.010	050062-3M00-2018		435,144	
Total Title I Grants to Local Educational Agencies				514,105	
Special Education Cluster					
Special Education Grants to States	84.027	050062-3M20-2017		87,968	
Special Education Grants to States	84.027	050062-3M20-2018		454,095	
Special Education Preschool Grants	84.173	050062-3M20-2017		3,257	
Special Education Preschool Grants	84.173	050062-3M20-2018		14,162	
Total Special Education Cluster				559,482	
Improving Teacher Quality State Grants	84.367	050062-3Y60-2017		16,640	
Improving Teacher Quality State Grants	84.367	050062-3Y60-2018		73,768	
Total Improving Teacher Quality State Grants				90,408	
Student Support and Academic Enrichment Program	84.424	050062-3HI0-2018		1,748	
Total U.S. Department of U.S. Department of Education				**1,165,743**	
Total Expenditures of Federal Awards				**$1,775,077**	**$90,975**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE 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 Springfield Local School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District did not provide funds to subrecipients during the audit period.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

NOTE J - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2018 to 2019 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 2,308
Special Education - Grants to States	84.027	$ 118,961
Improving Teacher Quality State Grants	84.367	$ 4,850
Student Support and Academic Enrichment	84.424	$ 10,254

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

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

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 Springfield Local School District, Summit County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2019, wherein we noted the District adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.*

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

March 13, 2019

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

Springfield Local School District
Summit County
2410 Massillon Road
Akron, Ohio 44312

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Springfield Local 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 the Springfield Local School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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 Springfield Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the 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.

Keith Faber
Auditor of State

Columbus, Ohio

March 13, 2019

SPRINGFIELD LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Nutrition Cluster (CFDA 10.553 and 10.555)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

SPRINGFIELD LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 28, 2019